AFRICA RICE CENTER RISK MANAGEMENT POLICY

Version 1.2

SEPTEMBER 2014

INTRODUCTION

Because of the uncertainty that is intrinsic to any endeavor, all enterprises are presented with both risks (see definition in the Annex) and opportunities in the achievement of their objectives. The Africa Rice Center (AfricaRice) has a challenging mission that must be delivered in an increasingly complex environment.

The Center faces operational, financial, strategic and reputational risks that are inherent in the nature, modus operandi and location of its activities, and which are ever changing and as dynamic as the environment in which the Center operates. They represent the potential for loss resulting from inadequate or failed internal processes or systems, human factors, or external events. As experience in both the public and private sectors has shown, failure to adequately deal with risks and opportunities can result, in extreme cases, in the wholesale failure of organizations, severe losses by stakeholders and significant setbacks in terms of operational goals and objectives.

Risks and Opportunities

A risk is an event with the ability to impact (inhibit, enhance, or cause doubt about) the mission, strategy, projects, routine operations, objectives, core processes, key dependencies and/or the delivery of stakeholder expectations. Risks inherent to the nature, modus operandi and location of the Center's activities include low impact (and therefore irrelevance) of scientific activities, misallocation of scientific efforts away from agreed priorities; loss of reputation for scientific excellence and integrity; business disruption and information system failure; short term liquidity and longer term financial viability (adequacy of financial reserves) problems; transaction processing failures; loss of assets including information assets; failures to recruit, retain and effectively utilize qualified and experienced staff; failures in staff health and safety systems; and failures in the execution of legal, fiduciary and agency responsibilities.

Opportunities may include new funding from non-traditional sources, new scientific technologies that produce research breakthroughs, greater connectivity by outside parties with Center information resources, faster decisions and cost savings through decentralization, and new collaborative arrangements with private sector. It can be just as important for an organization to have a good way of identifying and acting on opportunities as it is to manage risks in order to achieve its business objectives.

An effective Center-wide risk management process should help the Center deal with uncertainty and proactively respond to both risks and opportunities with the rigor

expected of an international public organization. It should also provide confidence to donors, partners, and other stakeholders that the Center is adhering, in its actions and use of resources, to the governance standards expected of an international public institution. For the purpose of risk management, such standards can be discerned from various national and international standards and guidelines on risk management and corporate governance recently published in CGIAR member countries.

This policy has been prepared taking into account the provisions of the International Standard ISO 31000 (1st Edition 2009) and ISO Guide 73 (1st Edition 2009)-Risk Management Vocabulary, and will be reviewed on a periodic basis, to reflect the presently evolving nature of this aspect of organizational governance.

PURPOSE

The purpose is to set out the policy and procedures governing Risk Management within AfricaRice.

Risk Management can be defined as all the processes involved in identifying, assessing and judging risks, assigning ownership, taking actions to mitigate or anticipate them, and monitoring and reviewing progress.

SETTING THE CONTEXT

Internal context

AfricaRice is a pan-African research-for-development organization working to contribute to poverty alleviation and food security in Africa through research, development and partnership activities aimed at increasing the productivity and profitability of the rice sector in ways that ensure the sustainability of the farming environment.

AfricaRice is an autonomous inter-governmental association of 25 member states from West, Central, North and East Africa. Its highest governing body is the Council of Ministers of Agriculture of its member states (CoM), which meets every two years. A National Experts Committee (NEC) composed of directors general of the national agricultural research systems (NARS) of all member states meets ahead of the CoM to review the Center's progress in line with agreed strategy and work plans, and to make recommendations to the CoM. Member states pay annual contributions to support the work of the Center. Like other centers of the Consortium of International Agricultural Research Centers (CGIAR), AfricaRice

also has a Board of Trustees (BoT) which has strategic and fiduciary oversight and governance responsibilities.

AfricaRice plays a key role in advising scientists and policy-makers in member states on critical rice production and marketing issues. For example, the rice shortage and price crises that began in late 2007 were predicted by the Center and members were alerted through the CoM and visits by AfricaRice's director general.

External context

AfricaRice operates through partnership at all levels. Its research and development activities are conducted in collaboration with various stakeholders — primarily NARS, national extension services, academic institutions, advanced research institutes (ARIs), farmers' organizations, non-governmental organizations (NGOs) and donors — for the benefit of African farmers (mostly small-scale producers), as well as the millions of African consumers and agribusinesses for whom rice means food and livelihood.

RISK MANAGEMENT STRATEGY AND OBJECTIVES

The Center seeks to take advantage of opportunities which will help it achieve its mission as effectively and efficiently as possible. It also seeks to minimize the risks associated with its activities where possible and where the costs justify related controls or other risk mitigating action. The Center recognizes that risks cannot be eliminated, but must be managed. It therefore:

1. Focuses the attention and commitment of the board, management and staff to risk management by implementing a process of assessing risks across the Center's activities, culminating in an annual report to the board of trustees by management, and the adoption of an annual statement on risk management by the board;

2. Provides guidance to staff on the "risk appetite" that should be considered when assessing risks and the extent of controls or other risk mitigating actions:

   - "risk appetite" is the amount of risk the Center is prepared to be exposed to before it judges action to be necessary. The risk appetite can vary depending on the business objective, and can be explained in terms of the willingness of the Center to accept high or moderate likelihood of a particular risk to actually eventuate. This will be influenced by the perceived impact of the risk to the organization.

3. Decentralizes risk management as much as possible. The board and senior management focus on the aggregate risks to the achievement of the strategic plan and the center development plan. Unit managers and staff focus on the particular risks to the

achievement of their work programs and other targets for which they are responsible, on the principle that they are best aware of existing and emerging risks at their operating level.

4.   Seeks to establish a risk-aware culture in which risk management activities are embedded within the other activities of the Center.

5.   Implements an internal audit function to provide an independent monitoring within the organization of the design and effectiveness of risk management and control activities.

This policy supports the achievement of AfricaRice's strategic plan by identifying, measuring and managing key threats and vulnerabilities through a measured approach to Risk Management. The AfricaRice Risk Management Strategy is to make sure that:

- The Risk Management Policy and objectives are defined, communicated and understood by all employees of AfricaRice.
- The Risk Management policy and objectives are communicated and understood by all key third parties and suppliers.
- A Risk Management framework is in place to allow the implementation of the policy within the defined scope to support the achievement of the Risk Management objectives.
- There is an effective system for identifying, assessing, managing and reporting risk at the top level to allow effective decision making and protection of AfricaRice.

SCOPE

The Risk Management Policy covers all aspects of AfricaRice's operations, including its people, business operations and locations. The scope also covers all key products and services provided by AfricaRice, and services and operations provided by key services, suppliers and third parties.

ROLES AND RESPONSIBILITIES

Board of Trustees

The Center's Board of Trustees:

- has overall responsibility for ensuring an appropriate risk management process is in place
- reviews and approves this Policy and the Risk Management Framework

The Director General of AfricaRice

The Director General of AfricaRice is accountable for:

- Ownership of the Risk Management program and related significant risks and issues
- Regular review of the AfricaRice Risk Register and ownership of significant identified risks
- Ensuring that the Risk Management Framework is implemented effectively
- Nominating a suitably qualified and skilled person to undertake the role of Risk Management Officer

Risk Management Officer

The Risk Management Officer at the headquarters is accountable for:

- Reviewing and submission of this Risk Management Policy and Risk Management Framework annually to the Director General of AfricaRice for review and approval
- Implementation of the Risk Management Framework
- Updating the AfricaRice Risk Register and submission to the Director General on a monthly basis

The Risk Management Officer at each outstation and in each unit at the headquarters is responsible for:

- Monthly review of the risk register, including identification of new risks, analysis, evaluation and documentation of risks specific to the unit/station.
- Monthly meeting of the unit/station Risk Management Committee
- Monthly report on risk management in the unit/station to the Risk Management Officer at the headquarters – these reports should indicate actions taken as per the deadlines in the Risk Registry and outstanding actions.
- Continuous monitoring of the implementation of actions recommended for improving risk management in the unit/station.

Deputy Director General

The Deputy Director General or his designee is designated the Center's overall risk management coordinator, providing a focal point for integrating the results of risk management activities throughout the Center and supports management and the board in the preparation of Center-wide assessments and reporting.

Directors of Research, Corporate Services and Partnerships and Capacity Strengthening divisions, Program Leaders and Regional Representatives

The Directors, Program Leaders and Regional Representatives are accountable for:

- Ensuring the enforcement of this policy within their areas of responsibility
- Ownership of the identification, assessment, management and reporting of risk within their area of responsibility, escalating ownership where required in accordance with the Risk Management Framework
- Provision of adequate resources within their area of responsibility to deliver the Risk Management Framework

Internal Audit

Internal audit is responsible for reviewing the design and effectiveness of the risk management system and internal controls on an ongoing basis, and reporting the results of its reviews to the director general and the Center's Board of Trustees, through the Audit Committee.

Staff

The Center's staff are responsible for ensuring that risks are considered for all business processes under their responsibility, and for identifying appropriate risk mitigation strategies after due consideration of costs and benefits.

RISK ACCEPTANCE AND OWNERSHIP

The following criteria should be applied to the ownership and acceptance of risk:

Risk Score	Responsibility Level
0-11[1]	Unit Manager
12-19	Director, Program Leader or Regional Representative
20-26	Director General

Any exception to this rule should be agreed formally in writing by the Director General.

THIRD PARTIES AND SUPPLIER REQUIREMENTS

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[1] Refer to sub- section 3.5.3: Final Risk Scoring Matrix under section 3.5 Risk Evaluation – Risk Scoring Matrix, page 32. The Risk Score is the product of multiplying the impact of a risk with the likelihood of the risk being realized. The higher the risk score, the higher the level of the risk owner in the hierarchy of an organization.

All key third parties and suppliers must:

- Have an appropriate method of managing risk, highlighting any significant risk to AfricaRice in a timely manner
- Comply with any contractual Risk Management obligations as set out in individual agreements
- Comply with remediation actions as a result of identified risk

RISK MANAGEMENT TRAINING

A good level of learning and communication can be established by adequate training and this will enhance the risk-aware culture of AfricaRice. The purpose of risk management training is to raise the basic awareness of risk management concepts and mechanisms, to enable participants to identify and manage risks in their own units and to strengthen project management through adequate forward planning of potential risks. Training in risk management includes:

- Introduction to Risk Management – for all staff
- Refresher training every two years
- Specialized training on Risk Management for members of the Risk Management Unit[2]
- Presentation to the Board of Trustees on the evolution and status of Risk Management at AfricaRice

CRITERIA FOR MONITORING AND BENCHMARKING OF RISKS

The use of the criteria of impact and likelihood to assess potential risk events will identify numerous risks to AfricaRice. Since such a large number would be unmanageable, it is necessary to use some measure to test the significance of each risk to reduce the number that will be considered to be priority issues for management. Therefore, in addition to describing the likelihood and impact of risks as low, medium and high, AfricaRice has adopted benchmark tests for risk significance, as listed on page 46. These benchmarks are a tool for monitoring certain indicators as an alarm bell showing that the Center is moving in the wrong direction and identifying a risk that needs to be addressed by management.

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[2] A Risk Management Unit (the "Unit") was established by the AfricaRice Risk Management Committee ("The Committee") during its session of 12 August 2013. The Unit was created to support the Committee in operationalizing the risk management strategy and policy. This involves facilitating the identification, evaluation, assessment, monitoring and treatment of risks facing AfricaRice. The members of the Unit are: Risk Management Officer; Legal Advisor; Internal Auditor; and Head of Security.

ALLOCATION OF APPROPRIATE RESOURCES TO RISK MANAGEMENT

The Board of Trustees mandates the Management of AfricaRice to propose and allocate adequate resources to implement the risk management-approved annual plan. Resources are provided to cover the following dimensions:

- Appointment of a Risk Management Officer, Internal Audit Manager, Legal Advisor and Head of Security as members of the corporate Risk Management Unit. They are required to provide expert oversight of the risk management implementation agenda at AfricaRice.
- An annual budget for risk management activities.
- Training of Risk Management Unit staff. Sensitization and training of all staff at all levels and stations of AfricaRice
- Appointment of risk management specialists for areas where AfricaRice lacks in-house expertise, i.e. consultants on security, occupational health & safety in the laboratories,, business continuity plan and an evacuation plan
- Support to Center resources as per need (IT, security staff, administration, etc.).

Signed

Director General
For and on behalf of AfricaRice Board of Trustees

Version Control

Version No.	Changes Made	By Whom	Date	To contact for clarifications / comments / inputs
1.2	• Alignment to the ISO 31000 Standards • Revision of the Risk Management strategy • Integration of the new Risk Management architecture • Major revision of Risk Management protocols	Risk Management Unit	10 September 2014	Risk Management Officer

AfricaRice

AFRICA RICE CENTER RISK MANAGEMENT FRAMEWORK

Version 1.2

JULY 2014

Risk Management Framework Contents

The first stage in the risk management process is to establish the context. Context has three components: risk management context, internal context and external context.

The risk management context, also called the risk management framework, provides support for the risk management process within AfricaRice and also ensures the communication of the outputs from the risk management process to internal and external stakeholders. The risk management framework comprises the risk architecture (defines the roles, responsibilities, communication and reporting structure), risk strategy (defines the overall objectives that AfricaRice is trying to achieve in terms of risk management), and risk protocols (the systems, standards and procedures put in place to fulfil the defined risk strategy).

This framework provides requirements, responsibilities, information, and guidance for the implementation of Risk Management within AfricaRice. This document should be used as a reference by those involved in Risk Management in AfricaRice. It should be used as guidance material for both implementation of Risk Management and also when reporting incidents.

Risk Management Framework Contents

1 Governance

1.1.   Purpose, Objectives and Applicability

1.1.1. Purpose

This sets out the terms of reference for Risk Management within AfricaRice in accordance with the AfricaRice Risk Management Policy. Compliance with the terms laid out in this document is mandatory for all AfricaRice business areas.

1.1.2. Objectives

The objectives of Risk Management are:

- The Risk Management policy and objectives are defined, communicated and understood by all employees of AfricaRice;
- The Risk Management Policy and objectives are communicated and understood by all key third parties, contractors and suppliers;
- A Risk Management Framework is in place to allow the implementation of the policy within the defined scope to support the achievement of the Risk Management objectives; and
- There is an effective system for identifying, assessing, managing and reporting risk at the strategic level to allow effective decision making and protection of AfricaRice.

1.1.3. Applicability

This Framework forms part of our approach to good corporate governance. It also provides assurance to our people, stakeholders and third parties, who expect us to manage risk, ensuring that AfricaRice maintains a positive reputation and continues to deliver its strategic goals.

1.2.   Risk Ownership and Risk Acceptance Authority Levels

The following table shows the authority levels for risk ownership and risk acceptance.

Risk Ownership:

Risk Acceptance: some risks may not have cost-effective controls that can be put in place. However, as the organization evolves and changes, these risks may need addressing. This table demonstrates the appropriate authority level to accept a risk.

Before the archiving of any risk, the approval of the Director General is required.

Authority Level	Risk Ownership Responsibilities	Risk Acceptance
Director General	Risks with a score of 20-25[3]	Has the authority to accept risks of any level
Directors	Risks with a score of 12-20	Has the authority to accept risks 1-11
Unit Managers	Risks with a score of 1-11	Must escalate (refer to a higher level) any request for risk acceptance
AfricaRice staff	No ownership responsibilities	Must escalate (refer to a higher level) any request for risk acceptance

1.2.1. AfricaRice Risk Management Committee

AfricaRice Risk Management Committee membership

The Risk Management Committee comprises, at a minimum, the following members:

- Director General – delegates the chairing of Task Management Committee meetings to the Deputy Director General
- Deputy Director General
- Director of Finance and Administration
- Director of Partnerships and Capacity Strengthening
- Legal Advisor
- Risk Management Officer
- Head of Operations Services Unit
- Head of Security Unit

Representation may be required from a number of departments and subject matter experts as appropriate.

Quarterly Risk Management Committee Meetings

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[3] Refer to sub- section 3.5.3: Final Risk Scoring Matrix under section 3.5 Risk Evaluation – Risk Scoring Matrix, page 32. The Risk Score is the product of multiplying the impact of a risk with the likelihood of the risk being realized. The higher the risk score, the higher the level of the risk owner in the hierarchy of an organization.

The Risk Management Committee should meet on a quarterly basis. In addition, the committee should convene following any significant changes to AfricaRice or its working environment.

The Risk Management Officer should ensure that all relevant material is available and updated for each meeting and that all outputs are also updated.

Seven days prior to the Risk Management Committee's meeting, the Risk Management Officer should provide a management information pack containing:

- Current Risk Register that has been reviewed with all risk owners and contains any new or emerging risks.
- Report on open audit actions and progress against their closure, including any new actions as a result of recent audit reports.
- An agenda. Below is a suggested agenda:

I	Welcome remarks	
Ii	Reading of minutes of the previous meeting	• Adoption
Iii	Action points from the previous meeting	• Progress/completion
Iv	Open audit actions	• Review of progress against closure • New actions as a result of recent audit reports
V	New risks	• Validation of risk scoring • Assignment of risk owners
Vi	Existing risks	• Status • Progress of risks treatment • Changes and updates since previous meeting
vii	Further actions	• Actions – responsibilities and timelines
Viii	Other related issues	• Other related issues

1.3. Responsibilities

Reference	Responsibility	Frequency
AfricaRice Risk Management Committee		
1.1	Responsible for advising the Board of Trustees on risk management and implementing the related Board's strategy and policy	Every Board meeting
1.2	Responsible for formally reviewing the Risk Management protocols (Risk Register, Training plan and modules, and Risk Heat Map).	Quarterly
1.3	Responsible for reviewing the Center's risk exposure, setting and reviewing risk appetite.	Annually
1.4	Responsible for assigning sufficient resources and suitably skilled staff (Denoted in this Framework as 'Risk Management Officer') to undertake the implementation of the Risk Management Framework	Ongoing
1.5	Responsible for formally reviewing Business Continuity documentation.	Annually
Director General		
2.1	Accountable for identified risks scoring between 20 and 25.	
2.2	Responsible for ensuring that Risk Management is discussed by the AfricaRice Risk Management Committee.	Quarterly
2.3	Responsible for ensuring that Risk Management is discussed by the Board of Trustees.	Annually
2.4	Owns the Risk Management Policy and Business Continuity Policy.	Ongoing
2.5	Accountable for the enforcement of the Risk Management Policy in AfricaRice.	Ongoing
Directors, Program Leaders and Regional Representatives		
3.1	Responsible for the enforcement of the Risk Management Policy within their area of responsibility.	Ongoing
3.2	Responsible for the enforcement of the Business Continuity Management Policy within their area of responsibility.	Ongoing
3.3	Accountable for risk identification, assessment, management and reporting of risk within their directorate,	Ongoing

	escalating ownership where required in accordance with this framework.	
3.4	Responsible for the assignment of suitable and sufficient resources to undertake the implementation of the Risk Management Framework within their area of responsibility.	Ongoing
3.5	Accountable for the provision and implementation of updates to any risk under their ownership to the Risk Management Officer.	Quarterly
3.6	Accountable for the update of any Risk Treatment Plans for risks under their ownership.	Quarterly
3.7	Accountable for identified risks scoring between 12 and 19 within their assigned area of responsibility.	Ongoing
3.8	Responsible for the assignment of sufficient resources to address the identified risks.	Ongoing
3.9	Responsible for escalating any risks with a risk score of over 20 to the Director General.	Ongoing
3.10	Responsible for ensuring that appropriate business continuity strategies are in place within their area of responsibility and documented within the Business Continuity Plan.	Ongoing
All Employees of AfricaRice		
4.1	Responsible for highlighting any potential risk to their line manager, with escalation (referral up) to their functional Director or the Risk Management Officer as appropriate.	Ongoing
Risk Management Officer		
5.1	Responsible for the submission of this Risk Management Policy and Framework to the AfricaRice BoT for review and approval.	Annually
5.2	Responsible for the implementation of this Framework within AfricaRice.	Ongoing
5.3	Responsible for the implementation of updates to the AfricaRice Risk management Register/Risk Heat Map and submission to the Risk Management Committee.	Quarterly
5.4	Responsible for the coordination and facilitation of the risk identification process.	Quarterly

5.5	Responsible for the entry of new emerging risks into the AfricaRice Risk Register as a result of the Risk Identification Process or otherwise.	Ongoing
5.6	Responsible for the maintenance and annual review of all Risk Management Tools.	Ongoing
5.7	Responsible for guiding and supporting Risk Owners and Risk Actionees through relevant Risk management processes.	Ongoing
5.8	Responsible for supporting Directors in updating Risk Treatment Plans.	Ongoing
Business Continuity Manager		
6.1	Responsible for the submission of testing and exercising schedule and audit schedule to the AfricaRice Board of Trustees for approval.	Ongoing
6.2	Responsible for the submission of the Business Continuity Policy to the AfricaRice Board of Trustees for review and approval.	Ongoing
6.3	Responsible for the coordination of business continuity activities throughout AfricaRice.	Ongoing
Internal Audit Manager		
7.1	Responsible for developing a risk-based internal audit program.	Annually
7.2	Responsible for auditing the risk process across AfricaRice.	Annually
7.3	Responsible for providing assurance on the management of risk.	Every meeting of the BoT
7.4	Responsible for supporting and helping the risk management processes.	Ongoing
7.5	Responsible for reporting on the efficiency and effectiveness of internal controls	Every meeting of the BoT

2. Management System

2.1. Risk Management Lifecycle

This section defines the activities that should take place at each stage of the Risk Management Lifecycle. All Risk Management Tools referred to in this section are available in the Risk Management Toolkit. For further guidance on using the Risk Management Tools, see the next Section of this Framework.

Stage	Activity	Deliverable
Identification	Risk identification	• Risk identification meeting/workshop minutes
Evaluation	Evaluation of identified or residual risk	• Risk Register
Treatment	Formulation of strategies and actions to manage the risk	• Risk treatment plans • Risk register
Monitoring & Reporting	Reporting on the risk portfolio, status of treatment and escalation of significant risks/issues	• Risk register • Risk heat map • Management review

2.2. Implementing Risk Management: Identification during risk identification workshops/meetings

2.2.1. Overview

The identification stage of the Risk Management process is used to identify and understand the key risks that may prevent AfricaRice from meeting its strategic objectives.

The identification stage should be carried out with stakeholders and directors on a quarterly basis and when any significant changes occur within AfricaRice or its operating environment. This means that new and emerging risks can be captured along with identification of current controls in place and potential future controls.

2.2.2. Activities

Before the identification meeting/workshop
- It is the responsibility of the Risk Management Officer to organize and facilitate the risk identification meetings and workshops.
- The Risk Management Officer should arrange meetings with each department and director at the beginning of each quarter. It is important that AfricaRice identifies risks at a department level and also at director level.
- If the interviewee(s) is/are also a Risk Owner, the Risk Management Officer should prepare the Risk Register by filtering out any risks outside of the interviewees' area of responsibility.

During the identification meeting/workshop
- If the interviewee(s) is/are also a Risk Owner, the Risk Management Officer should first facilitate a review of current risks under the ownership of the interviewee(s).
- The Risk Identification Tool should be used by the meeting facilitator to structure the risk identification meetings and to record the output. The Risk Inventory should be used to help prompt thought on potential risks in the stakeholder's area. The Risk Scoring Matrix should be used to quantify any probability and impact.

Following the identification meeting/workshop
- The Risk Management Officer should type up meeting minutes using the Risk Identification Tool Template (page 35) for all risk identification meetings/workshops.
- The interviewee(s) identifying the risks should be consulted for validation that the information is correct.

2.3. Implementing Risk Management: Identification of project risks and risks outside risk identification meetings/workshops

2.3.1. Activities

Identification of a risk outside risk management meetings/workshops

- Where there is a discovery of a new or emerging risk outside the Risk Identification Meeting or Workshop, the risk should be flagged to the Risk Management Officer who will impact assess it and assign it to an owner:
    - Director General: Risks with a potential to score between 20 and 25
    - Director: Risks with a potential to score between 12 and 19
    - Unit Manager: Risks with a potential to score between 0 and 11

- The Risk Management Officer will then sit with the owner to undertake an assessment and include within the Risk Register.
- The risk should follow the same process stated in the Evaluation, Risk Treatment, Monitor and Report stages of the Risk Management process.

Identification of residual project risks
- Each project should undergo a risk assessment in the planning stage before the commencement of the project.
- A Risk Register should be compiled by the Risk Management Officer specifying each identified risk to the project, the current control and potential future controls. Further guidance on completing a Risk Register is detailed in the Framework Section 3: page 32
- The Risk Register should be given to the Risk Management Officer only once the project has commenced to evaluate and identify any new or emerging risks that may impact AfricaRice's objectives.
- Any new or emerging risks that may impact AfricaRice's strategic goals should be assigned an appropriate owner using the criteria set out above and added to AfricaRice's Risk Register.
- The Risk Management Officer will then sit with the owner to undertake an assessment and include within the Risk Register.
- The risk should follow the same process stated in the Evaluation, Risk Treatment, Monitor and Report stages of the Risk Management process.
- The Project Coordinator should agree with the Program Leader as to the basis of the project Risk Register review. Any changes to the residual risks or emergence of new risks should be flagged to the Risk Management Officer for action.

2.3.2. Associated Tools

Associated Tools	Further guidance on implementation
Risk Scoring Matrix	Framework Section 3: page 32
Risk Identification Tool Template	Framework Section 3: page 35
Risk Inventory	Framework Section 3: page 40
Impact Scoring Guidance	Framework Section 3: page 43

2.3.3. Deliverables

The deliverable from the identification stage will be formally documented minutes of the Risk Identification Meeting/Workshop and the addition of any newly identified risks onto the AfricaRice Risk Register.

2.4. Implementing Risk Management: Evaluation

2.4.1. Overview

The output of this stage of the process is a fully evaluated risk, entered onto the AfricaRice Risk Register for assignment to an owner and appropriate decisions on its treatment.

This stage should be completed immediately following the completion of the risk identification meeting minutes.

2.4.2. Activities

Risk Quantification

- Once all the risk identification meeting/workshop minutes are completed, the information should be quantified and evaluated by the relevant director.

Updating the Risk Register and Risk Heat Map

- The Risk Register should be edited by the Risk Management Officer based upon the findings from the risk identification meetings.
- The Risk Management Officer should plot the Risk Heat Map based on the updated Risk Register to enable the AfricaRice Risk Management Committee to evaluate during quarterly meetings.

Risk Evaluation

- Using the Risk Register and Risk Heat Map, the appropriate Risk Owner should evaluate the risk and set the target risk score. The appropriate Risk Owner can be identified through the Risk Authority Levels Table on page 14 of this Framework.
- The same appropriate Risk Owner should then evaluate risk and decide how each risk is to be handled:
  a) **Accept the risk:** The acceptance of risk can only be authorized by an appropriate level of authority within AfricaRice. These levels are documented as part of the Risk Authority Levels Table on page 14 of this Framework.
  b) **Avoid the risk:** Implies that a risk is undesirable, e.g. it is off-strategy, offers unattractive rewards or the organization does not have the capability to manage the risk. Examples of how to avoid a risk include divestiture and stopping a certain process or activity completely.
  c) **Reduce the risk:** Putting in place risk control measures that reduce the probability and/or the impact of the risk to acceptable levels. The vast majority of risk treatment options will fall within this category.

d) **Transfer the risk:** Transferring the cost of risk to a third party. Includes insurance, contractual, or hedging arrangements.

2.4.3. Associated Tools

Associated Tools	Further Guidance on Implementation
Risk Register	Framework Section 3: page 29
Risk Heat Map	Framework Section 3: page 30

2.4.4. Deliverables

The deliverables from the risk evaluation stage will be the Risk Register and Risk Heat Map.

2.5. Implementing Risk Management: Risk Treatment/Reduction Planning

2.5.1. Overview

The risk treatment planning stage of the Risk Management process focuses on ensuring that significant risks are being managed effectively, with specific plans in place to implement the agreed Risk Management strategy.

2.5.2. Activities

- Every risk scoring over 12 that is to be reduced or transferred will require a detailed risk treatment plan. The Risk Owner is responsible for establishing the control actions to be taken to record this in the risk treatment plan.
- The risk treatment plan should be established with AfricaRice's risk appetite for the risk in mind.
- For risks scoring under 12, an informal treatment plan should be established and should follow the same process as stated below.
- The Risk Owner should then assign a Risk Actionee to ensure that the risk treatment plan is implemented.

The Risk Owner will be held accountable if the risk treatment plan is not suitably addressed.

2.5.3. Associated Tools

Associated Tools	Further Guidance on Implementation
Risk Treatment Plan Template	Framework Section 3: page 45

2.5.4. Deliverables

The deliverables from this stage will be a series of risk treatment plans for the reduction of risks.

2.5.5. Addressing risks based on risk appetite

The purpose of addressing risks is to turn uncertainty to the organization's benefit by constraining threats and taking advantage of opportunities. Any action taken by the organization to address a risk forms part of its internal control. Control must be proportionate to the risk and give reasonable assurance of confining likely loss within the risk appetite of the organization. The control action should offer value for money in relation to the risk that it is controlling. There are five possible responses for addressing risk:

1. Tolerate. This option is appropriate if the exposure is tolerable without any action being taken. Even if it is not tolerable, the ability of the organization to do anything about some risks may be limited, or the cost of taking any action may be disproportionate to the potential benefit gained. This option needs to be supplemented by contingency planning to handle the impacts if the risk is realized.
2. Treat. The purpose of treatment is that, whilst continuing within the organization with the activity giving rise to the risk, control action is taken to constrain the risk to an acceptable level.
3. Transfer. This can be done by conventional insurance or paying a third party to take the risk. This option is particularly good for mitigating financial risks or risks to assets. Transfer can be to reduce the exposure of the organization or because another organization is more capable of effectively managing the risk. However, some risks, e.g. reputational risk, are not fully transferable.
4. Terminate. Some risks will only be treatable or containable to acceptable levels by terminating the activity.
5. Take the opportunity. This is not an alternative to options 1-4 above but should be considered along with tolerate, transfer or treat.

When the decision is to treat, there are four possible control types that can be applied:

a. Preventive controls. These are designed to limit the possibility of an undesirable outcome being realized. Examples include the separation of duties, and the limitation of action to authorized persons.
b. Corrective controls are designed to correct and reduce undesirable outcomes which have been realized, limit the scope of loss, and provide an avenue for recovery against loss or damage. Examples include contract terms to allow the recovery of overpayments, insurance, and contingency planning.

c. Directive controls. These are designed to ensure that a particular outcome is achieved and are typically associated with occupational health and safety. Examples include the requirement that protective clothing be worn when performing a dangerous duty, or that only staff who are trained and have the required skills be allowed to work unsupervised.

d. Detective controls. These are designed to identify occasions of undesirable outcomes having been realized. Their effect is therefore after the event. Examples include stock and assets checks, reconciliation, post-implementation reviews, and monitoring activities.

There are a number of activities where the Center will manage risk by either not being involved in certain activities or implementing a high degree of control. These are made explicit by the Center through the following means:

o A schedule of various transactions, approved by the board of trustees, for which board approval or consultation is required. These include approval of the Center's strategic and medium term operating plans; annual operating plans and budgets; terms and conditions for the appointment of the director general, and loans by the Center to other organizations or individuals above a certain amount.

o A financial investment policy approved by the board of trustees, which limits investments to low risk instruments, and sets requirements to avoid the risks of concentration of investments in one financial institution.

o An authority matrix, approved by the director general, specifying levels of authority within the Center for approval of various transactions.

However there will be various sub-objectives where the Center is willing to accept moderate likelihood of risks in the pursuit of its mission. These include:

o Research projects where returns on effort may not be certain.
    The Center accepts and manages associated risks by requiring explicit consideration of the risks in internal project planning documents, through application of logical framework methodology or other means;

o Partnerships with other organizations, particularly those in developing countries that benefit from their relationship with AfricaRice in terms of capacity building. The Center accepts and manages risks to quality and timeliness of research contracted with such partners by requiring that agreements with partners specify required standards, targets, and m e c h a n i s m s to allow the Center to monitor performance and take timely action where standards or targets are not met.

o Decentralization of authority and responsibility outside Headquarters. The Center accepts that with decentralization come higher risks of non-compliance with operational, administrative and financial policies. It seeks to mitigate these risks by putting in place decentralization plans to address training, guidelines, and performance monitoring requirements.

2.6. Implementing Risk Management: Monitor and Report

2.6.1. Overview

This stage of the Risk Management process involves monitoring of the risk portfolio, risk treatment progress and the appropriate escalation of risks that transfer outside of the risk owners' level of authority. This stage also ensures that any new and emerging risks are closely monitored and acted upon in sufficient time.

2.6.2. Activities

- The Risk Management Officer should coordinate all the following activities:

Monitoring

- Each Risk Owner should monitor progress of implementation of their risk treatment plans and address any issues or challenges on a regular basis.
- Each director should monitor the risks within their area of responsibility and alert the Risk Management Officer to update the Risk Register, providing the required information to enable him to do so.

AfricaRice Risk Management Committee Quarterly Meetings

- At their quarterly meetings, the AfricaRice Risk Management Committee should discuss any new and emerging risks along with any changes in the operating and external environments that may change the proximity, probability, impact or risk score of AfricaRice's existing risks.
- The quarterly meetings should also be used to monitor the progress of any risk treatment currently being implemented against the risk treatment plan.
- After each quarterly meeting, the Risk Management Officer should ensure the Risk Register and Risk Heat Map are updated accordingly.

Annual Risk Management Meetings

- Risk management should be discussed as agenda an item at the AfricaRice Board of Trustees meetings on at least an annual basis. This should include the key risks to AfricaRice, the current controls and the risk treatment plans currently in place.
- The Risk Management Officer should organize an annual meeting with the AfricaRice Risk Management Committee to review the Risk Management Programme to ensure it is applicable for AfricaRice as the organization changes and evolves. This should include a review of the Risk Management Policy, this framework and the Risk Scoring Matrix. Risk appetite should also be discussed during this meeting.

2.6.3. Associated Tools

Associated Tools	Further Guidance on Implementation
Risk Register	Framework Section 3: page 29
Risk Heat Map	Framework Section 3: page 30
Risk Scoring Matrix	Framework Section 3: page 32

2.6.4. Deliverables

The deliverable from this stage of the Risk Management process should be an updated Risk Register and an updated Risk Heat Map.

3. Risk Management Tools and Guidance

3.1. Section Overview

3.1.1. Section Overview

This section provides guidance on the Risk Management Tools available in the Risk Management Toolkit. The Risk Management Tools support AfricaRice's ongoing Risk Management process

3.1.2. Guidance

Each Risk Management Tool listed in this section has a summary of what the tool is and when in the Risk Management process the tool should be used to support the ongoing Risk Management process.

Each Risk Management Tool listed in this section also has specific guidance on how the tool should be filled out, reviewed or used as a reference tool.

Where to Find the Risk Management Tools

The Risk Management Tools can be found in the Risk Management Toolkit located on pages 27 to 45.

3.2. Risk Identification – Risk Identification Tool

3.2.1. What is the tool and when should it be used?

This is a guidance tool used by the Risk Management Officer for leading the risk identification meetings. It consists of sample questions for facilitating discussion to get an initial understanding of strategy, identify risks, known existing controls, potential future controls and changes in residual risks. This tool is also the template for recording the identification meeting minutes.

3.2.2. Guidance

The risk identification tool is split into the following sections:

Introduction*:* This section contains questions that lead to the identification of the department's objectives and how they link to AfricaRice's strategic objectives. This section also gives the facilitator further insight into the role of the interviewee within AfricaRice.

Recording information: Provide a short description of the stakeholder's role and key department objectives.

Risk Identification*:* This section is used in conjunction with the risk inventory, which is found in the Risk Management Toolkit and provides an inventory of potential risks to AfricaRice, to identify the risks that could prevent AfricaRice from meeting its strategic objectives. It is also used to gather and assess incidents that have occurred in the past and critical threats facing the department's key processes. The category of the risk should also be identified: legal/regulatory, financial, strategic, operational or reputational.

Recording information: Record the risks and threats identified by the interviewee, the category the risk falls into and a short description of the risk.

Initial Risk Scoring*:* This section is used for preliminary assessment and further understanding of the risks identified. This section helps identify the impact, probability and proximity of each risk along with the current known controls in place and the future controls that could be attained. This section should be completed with guidance from the Risk Scoring Matrix.

Recording information: Complete the table with the relevant details. This information will be used to input into the Risk Register and should be quantified using the Risk Scoring Matrix.

Conclusions and Other: This section captures any additional information not covered during the first three sections above but may be relevant for the Risk Management process. The interviewee should be advised as to what will happen next in the Risk Management process. State the process of validating the findings with the interviewee and compilation of risks in the Risk Register by the Risk Management Officer.

Recording information: Provide a short description of how the information provided will be validated and compiled in the Risk Register by the Risk Management Officer and provide any target dates for this

3.3. Risk Evaluation – Risk Register

3.3.1. What is the tool and when should it be used?

The Risk Register compiles a portfolio of all risks to AfricaRice meeting its strategic objectives extracted from the risk identification process. This is prepared by the Risk Management Officer and forms the focal document for the Risk Management Committee during their quarterly Risk Management meetings. The Risk Register is used in conjunction with the Risk Heat Map, which guidance is provided on page 30 of this framework.

3.3.2. Guidance

The following information must be completed for each risk on the register:

Risk Reference*:* This is a unique reference assigned by the Risk Management Officer to each risk identified. This should follow chronologically.

Date Identified*:* This captures the date the risk was recorded into the Risk Register.

Risk Type*:* This captures one of the 5 categories that the risk identified falls into:

- Financial
- Legal and Regulatory
- Strategic
- Operational
- Reputational

Risk Owner*:* This lists the name of the person(s) accountable for managing the risk and ensuring that an appropriated skilled Risk Actionee is appointed to implement associated Risk Treatment Plans.

Risk Description: This is used to briefly describe the risk identified.

Proximity (Time): This identifies the time period in which the risk has the potential to realize. For instance, risks linked to specific activities may have a precise date in time at which they could occur, others may be constant.

Current Control: This summarizes the controls currently in place to manage the risk.

Current Risk Score: This captures management's assessment of the risk score (probability and impact of the risk). This should be done by quantifying the probability and impact against the Risk Scoring Matrix.

Future Controls: This summarizes the controls that management hopes to attain in the future to treat the risk.

Target Date for Completion: This section refers to the set date for completion of the future controls. This should be the same as any target completion dates set out in the risk's Risk Treatment Plan. This should be used to monitor and check progress against completion of the future controls.

Target Risk Score: This captures management's defined target risk score (probability and impact of the risk) as a result of implementing the future controls.

Risk Actionee: This lists the name of the person(s) assigned responsibility to ensure that Risk Treatment Plans are implemented.

Each risk identified during the risk identification stage must be logged in the Risk Register. The current and target risk score are used to plot and update the Risk Heat Map. When risks have been agreed by the AfricaRice Risk Management Committee as no longer applicable to AfricaRice, they should move to the 'Archive' tab of the Risk Register.

3.4. Risk Evaluation – Risk Heat Map

3.4.1. What is the tool and when should it be used?

The Risk Heat Map provides a visual representation of the high level risks, their current risk score, the target risk score and whether there are currently any treatment plans in place. This tool should be used during the Risk Management Committee quarterly meeting and in conjunction with the Risk Register.

Preparation

The Risk Heat Map should be prepared by the Risk Management Officer before the Risk Management Committee quarterly meetings with all the current risk scores, target risk scores and whether there is a Risk Treatment Plan in place to achieve the target risk score.

The Risk Register should be used to populate the correct information into the Risk Heat Map. Using the Heat Map Production Toolbox (page 42), the Current Risk Score Tiles and Target Risk Score Tiles should be plotted in accordance with the Risk Register and the correct line joining them together to represent whether a Risk Treatment Plan is in place or not.

This is completed by copying the relevant tile from the Heat Map Production Toolbox and pasting this onto the Risk Heat Map graph as shown in the diagram below.

3.4.2. Plotting the Target Risk Score

The difference between where the Current Risk Score and Target Risk Score for a risk are plotted on the Risk Heat Map should reflect the time required to implement the controls.
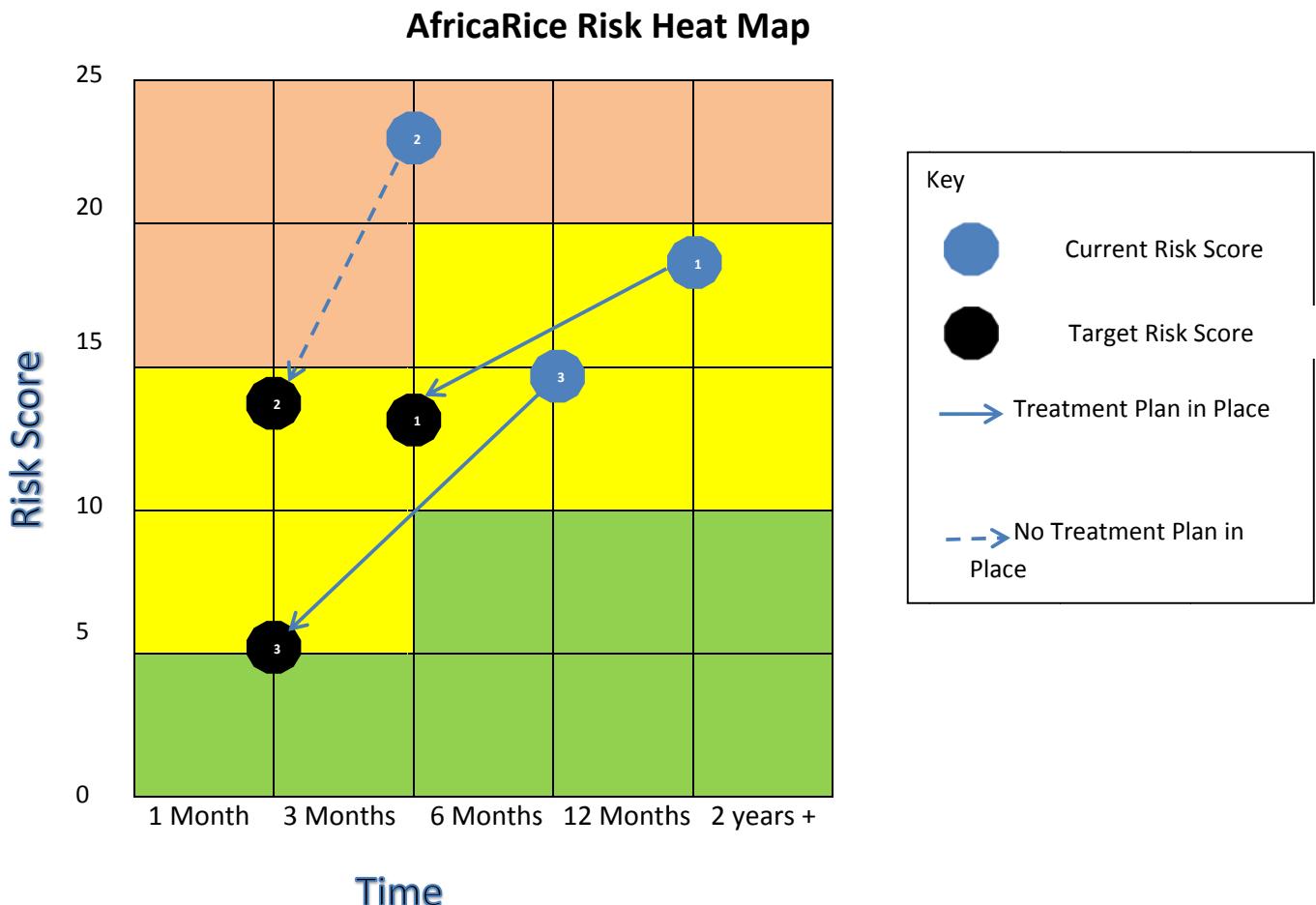
During the Meeting

The Risk Management Committee should use the Risk Heat Map to facilitate discussion and review the current and target risk scores as well as the progress of Risk Treatment Plans and consideration of potential future Risk Treatment Plans.

3.5. Risk Evaluation – Risk Scoring Matrix

3.5.1. What is the tool and when should it be used?

The Risk Scoring Matrix should be used as a reference point for quantifying the risks in the following stages:

- *Risk Identification stage:* Help guide the interviewee(s) to decide upon probability and impact score
- *Evaluation Stage:* For validating that the impact and probability have been correctly categorized for each risk
- *AfricaRice Risk Management Committee:* To review the risk scoring applied

Wherever possible, the probability and impact should be assessed against the objective definitions set out in the Risk Scoring Matrix to ensure consistency in the risk assessment process.

3.5.2. Guidance

The tool is made up of two matrices – the Impact Matrix and the Probability Matrix.

Impact Matrix

The impact matrix lists a series of thresholds and descriptors to quantify the impact of a risk. When deciding on the impact of a risk, the worst case scenario should be considered to determine the potential impact score.

When determining the impact score, use the following process:

1. Choose the most appropriate of these categories for the risk.
2. Work down the appropriate category column to determine the most applicable descriptors.
3. If there is more than one category in which the risk may impact, then use the category in which the risk may have the biggest impact.

Impact matrix

Score	Description
Negligible (1)	Negligible impact on objectives
Minor (2)	Minor effects that are easily remedied
Moderate (3)	Some important objectives cannot be achieved
Major (4)	Some important objectives cannot be achieved
Severe (5)	Major objectives cannot be achieved

Probability Matrix

Once a specific area of risk has been assessed and its impact score agreed, the probability of that impact occurring can be identified by using the probability matrix.

The probability of a risk occurring should be assessed against the greatest probability of the risk occurring at any impact level and should take into account any existing controls.

Probability matrix

Score	Descriptor	
5 Almost Certain	The event will occur on an annual basis	Once a year or more frequently
4 Likely	The event has occurred several times or more in your career	Once every three years
3 Moderate	The event might occur once in your career	Once every 10 years
2 Low	The event does occur somewhere from time to time	Once every 30 years
1 Rare	Heard of something like that occurring elsewhere	Once every 100 years

3.5.3. Generating the final Risk Score

The Risk Score for each risk is formed from a multiplication of both the probability score and the impact score. The Risk Register automatically generates the Risk Score based on the input probability score and impact score.

This process of identifying the worst case impact and the greatest probability should be used every time a risk is assessed to ensure a consistent approach to assessing risks.

Final risk scoring matrix

Impact	Likelihood				
	Rare 1	Low 2	Moderate 3	Likely 4	Almost certain 5
Negligible 1	1	2	3	4	5
Minor 2	2	4	6	8	10
Moderate 3	3	6	9	12	15
Major 4	4	8	12	16	20
Severe 5	5	10	15	20	25

3.6. Risk Evaluation – Risk Treatment Plan

3.6.1. What is the tool and when should it be used?

This tool is used by the Risk Owner to determine the actions required to implement appropriate controls to meet the target risk score. The Risk Treatment Plan will then be used by the Risk Actionee to install the appropriate controls to achieve the target risk score.

3.6.2. Guidance

The following information should be fully completed on each Risk Treatment Plan:

Risk Reference: This is a unique reference assigned by the Risk Manager to each risk as found in the Risk Register.

Risk Owner: The Risk Owner should be recorded here as in the Risk Register.

Risk Heat Map: This map captures the current risk score and target risk score for risk and should reflect the Risk Heat Map.

Risk Description: This section is used to provide a brief description of the risk as found in the Risk Register.

Current Control: This section summarizes the controls that have been previously identified. This information is available in the Risk Register.

Current Risk Score: This section captures the current assigned risk score for the risk as found in the Risk Register and on the Risk Heat Map.

Future Control: This section summarizes the controls that are being implemented in this Risk Treatment Plan.

Target Risk Score: This section captures the agreed target risk score for the risk once the Risk Treatment Plan has been fully implemented. This is specified on the Risk Heat Map and Risk Register.

Actionee: This specifies the name of the staff or person assigned to implement the Risk Treatment Plan. This is determined in the Risk Register.

Completion date: The section specifies the target date for implementing each relevant control.

Each Risk Treatment Plan will require updating as progress is made by the Risk Actionee. The Risk Owner will be required to check the progress of the risk treatment by monitoring the Risk Treatment Plan.

3.7. Risk identification Tool (Template)

3.7.1. Purpose

This tool has been designed to aid you in leading a risk identification meeting. Use the topics and sample questions to structure the meeting and guide questioning. Timings have been included to guide appropriate times for each topic. The Risk Inventory and Risk Scoring Matrix sections can be used to facilitate further discussion.

This document should be printed, taken to the meeting and used to record the information gathered. Following the meeting, use this template to type up the findings:

Date:	Name of facilitator:
Name of stakeholder:	Role and Department:

3.7.2. Agenda

_____

Topic 1   **Introduction**   **Duration**   **5 minutes**

_____

Objective   **To introduce interview participants, purpose of interview and recap project objectives**

Sample Questions

- Confidentiality
- Explanation of objectives of the meeting
    - To establish business objectives and strategic goals
    - To identify the strategic risk to the department's stated objectives and strategic objectives
    - To get an initial assessment of the probability, impact and proximity for risks
- Explanation of how the meeting fits into the Risk Management process
- Gain an understanding of who the interviewee is and their role in the organization

_____

Notes

_____

Topic 2   **Objectives**   **Duration**   **10 minutes**

_____

Objective   **To establish business objectives and strategic goals**

Sample Questions

- What are the business objectives or goals for your area of responsibility?
- What are the business Key Performance Indicators (KPIs), e.g. project milestones, payroll, donor commitments, etc.?
- What are the foreseeable major changes in your area in the next one to five years?

_____

Notes

–

_____

Topic 3   **Risk Identification**   **Duration**   **20 minutes**

_____

Objective   **To identify the strategic risks to the department's stated objectives and strategic objectives**

Sample Questions

- What are the key risks to the objectives and strategic objectives that have been identified? (use Risk Inventory)
- Risk description
- Are there any examples of actual incidents that have occurred?
- Are there any other risks to the critical processes and resources?

_____

Notes

_____

Topic 4   Initial Risk Scoring Assessment   Duration   40 minutes

_____

Objective   To get an initial assessment of the probability impact and proximity for the strategic risks

_____

Sample Questions

- o   Using the captured risks from the previous questions complete the table below:

Risk Type	Description	Probability	Impact	Proximity	Current Known Controls	Potential Controls
Operational, Strategic, Financial, Legal/Regulatory, Reputational	Due to .. there is a risk that.. which may result in …	(1-5)	(1-5)	0>1 month, 1>3 months 3>6 months 6>12 months 12>24 months	What is currently in place to reduce the probability or impact of this risk occurring	What else could be done to further reduce the probability or impact of this risk occurring

_____

Topic 5   **Conclusion and others**   **Duration**   **10 minutes**

_____

Objective   **To discuss any matters not yet covered and next steps**

_____

Sample Questions

- Are there any other matters the interviewee would like to share?
- Summary of next steps and project timing

Notes

Risk Inventory Version 001				
Strategic	Financial	Operational	Reputation	Legal and Regulation
Alignment with strategy	Capital Cost Overruns and availability	Business Interruptions	Human Capital	Terrorism	Conflict of interest policy
Organizational structure	Cash flow	Sufficient Human Resource	Physical Security	Brand/Image	Environmental, Health, Safety & Security (including public safety) policy
Planning	Counterparty	Change response	Project Execution	Public Relations	Fair employment practices
Resource Allocation (funding)	Pension funds	Efficiency	Sourcing/Procurement/Outsourcing	Utility relations	Financial reporting
Strategy execution	Foreign exchange	Knowledge Management	Infrastructure (Information Technology & Communication)	Donor Relations	Intellectual Property Management policy
Mergers & Acquisition (Collaboration)	Budgeting & forecasting	Supply Chain	Widespread disease	Government and ECOWAS relations	International trade control

Commodities/Increase/ Decrease in Prices)	Investment Evaluation	External economic	Concentration of Resource	Employee Relations	Compliance Issues/Concerns
Technological innovation	Sovereignty/Political	Information security	Catastrophic weather		Privacy/data protection
Conflicts					Money laundering/bribery
Competition					Fraud
					Social Responsibility

Heat Map Production Toolbox

Current Risk Score Tiles

1 11
2 12
3 13
4 14
5 15
6 16
7 17
8 18
9 19
10 20

Target Risk Score Tiles

1 11
2 12
3 13
4 14
5 15
6 16
7 17
8 18
9 19
10 20

Future Control Plans (Connectors)

→ Treatment Plan in place

⇢ No Treatment Plan in place

Risk Heat Map

Risk Score

1 Month   3 Months   6 Months   12 Months   2 Years

Proximity to Impact

Proximity to Impact

42
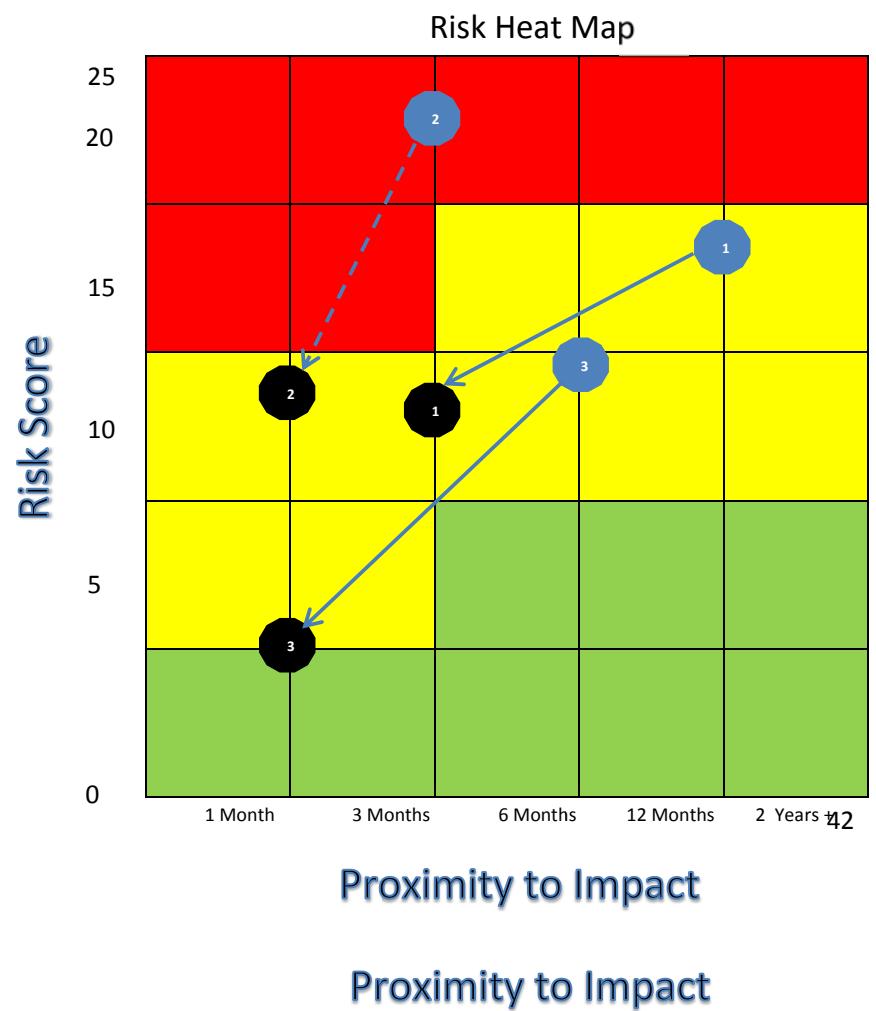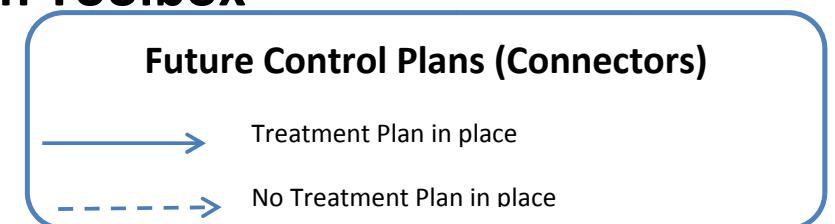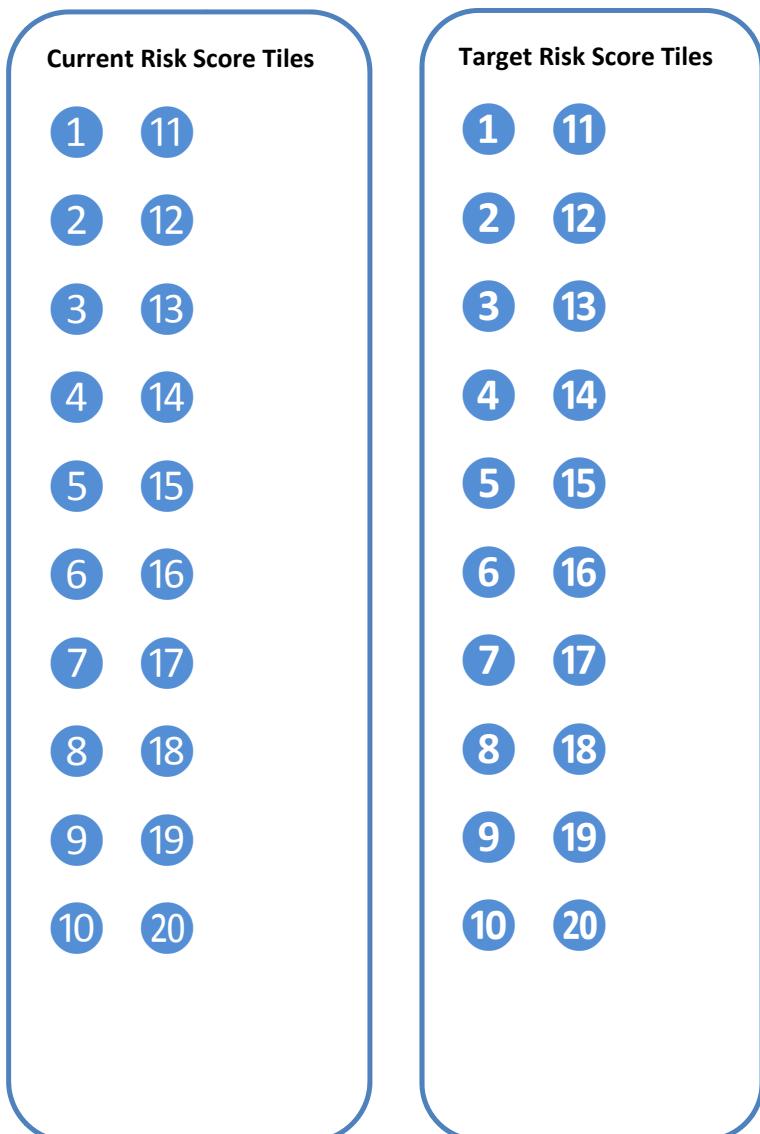
Score	Description	Operational	Reputation	Legal and Regulatory	Strategic
5 Extreme	A disaster with the potential to lead to: Possible failure of the AfricaRice organization	Severe donor or member dissatisfaction Program delivery ceased threatening the overall project. Urgent management action needed. Significant and uncontrolled change incurred that will impact delivery and/or cost Benefits identified will not be delivered and business case compromised Critical but unbudgeted expenditure leading to significant deviation from strategy.	Incident or event that could result in potentially long term significant damage to AfricaRice reputation. Adverse media coverage threatening AfricaRice position with stakeholders. Credibility in market place significantly undermined	Likely loss of contract and litigation threatened Large penalties to be incurred or liquidated and damages threatened	Loss of members leading to significant loss in AfricaRice contribution. Operational plans not aligned to strategic goals leading to non-delivery of strategy. Significant breach of agreement leading to loss of funding.
4 High	A critical event which threatens to lead to: Significant reduction in the capability of AfricaRice	Considerable donor or member dissatisfaction Programme delivery delayed beyond four months threatening the overall project. Management action needed Major change likely to be incurred that will impact delivery and/or cost Some of the benefits may not be fully delivered and business case could be compromised Major but unbudgeted expenditure leading to significant deviation from strategy.	Incident or event that could result in medium term damage to AfricaRice's reputation. Negative media coverage threatening AfricaRice's position with stakeholders. Credibility in market place reasonably undermined	Possible loss of contract and litigation threatened. Potentially sizeable penalties or liquidated damages threatened	Loss of members leading to moderate loss in AfricaRice contribution. Some Operational plans not aligned to strategic goals leading to non-delivery of some strategic goals. Significant breach of agreement leading to some loss of funding.
3 Medium	A major event which threatens to lead to: Major Reduction in the capability of AfricaRice	Moderate donor or member dissatisfaction Programme delivery delayed threatening some aspects of the project but benefits not threatened Management action considered necessary. Some change(s) likely to be incurred that will impact delivery and/or cost Few of the benefits may not be fully delivered and business case could be compromised. Increase in budgeted expenditure leading to some deviation from strategy.	Incident or event that could result in potentially medium to short term reasonable damage to AfricaRice reputation. Detrimental media coverage negatively impacting AfricaRice position with stakeholders. Credibility in market place fairly undermined	General deterioration in service levels but not persistent. Persistent could lead to litigation. Penalties are likely to be incurred if persistent.	Loss of members leading to moderate loss in AfricaRice contribution A small number of operational plans not aligned to strategic goals leading to non-delivery of at least one strategic goal. Moderate breach of agreement leading to some future loss of funding.
2 Low	A minor event which threatens to lead to: Significant reduction in the capability of AfricaRice	Minor donor or member dissatisfaction. Programme delivery delayed threatening inconsequential aspects of the project but benefits not threatened Management	Incident or event that could result in short term minor damage to AfricaRice reputation. Trifling media coverage negatively	Minor deterioration in service levels but not persistent resulting in some service levels missed regularly.	Potential loss of members leading to some loss in AfricaRice contribution. An operational plan not aligned to

|					
		action considered minor Small change(s) likely to be incurred but programme cost well within budget and deliverables on track. Benefits not under threat however some decrease in support is expected Possible minor increase budgeted expenditure leading to some deviation from strategy	impacting AfricaRice position with stakeholders Credibility in marketplace could be negatively diluted	Penalties could be incurred.	strategic goals leading to late delivery of a strategic goal. Arguable breach of agreement leading to some future loss of funding.
1 Very Low	A critical event which threatens to lead to: Diminutive reduction in the capability of AfricaRice	Likely Minor donor or member dissatisfaction. Programme well within budget and deliverables on track. Minor if any change(s) likely to be incurred but programme cost well within budget and deliverables on track. Benefits not under threat and possible general concern by participants Little or no increase in budgeted expenditure leading to no deviation from strategy.	Incident or event that could potentially negatively impact AfricaRice reputation. Little or no media coverage that may negatively impact AfricaRice's position with stakeholders. Credibility in marketplace may potentially be impacted.	One of deterioration in service levels but not persistent. Penalties are not likely to be occurred.	Possible loss of a member leading to some loss in AfricaRice contribution. An operational plan not fully aligned to strategic goals leading to variation in delivery of a strategic goal. Arguable breach of agreement leading to one-off but unlikely loss of funding.

RISK TREATMENT PLAN TEMPLATE

Risk No:_____

Risk Owner:_____

Risk Description: (Due to.. there is a risk that … which may result in …)

Time

Current Risk Score   Target Risk Score
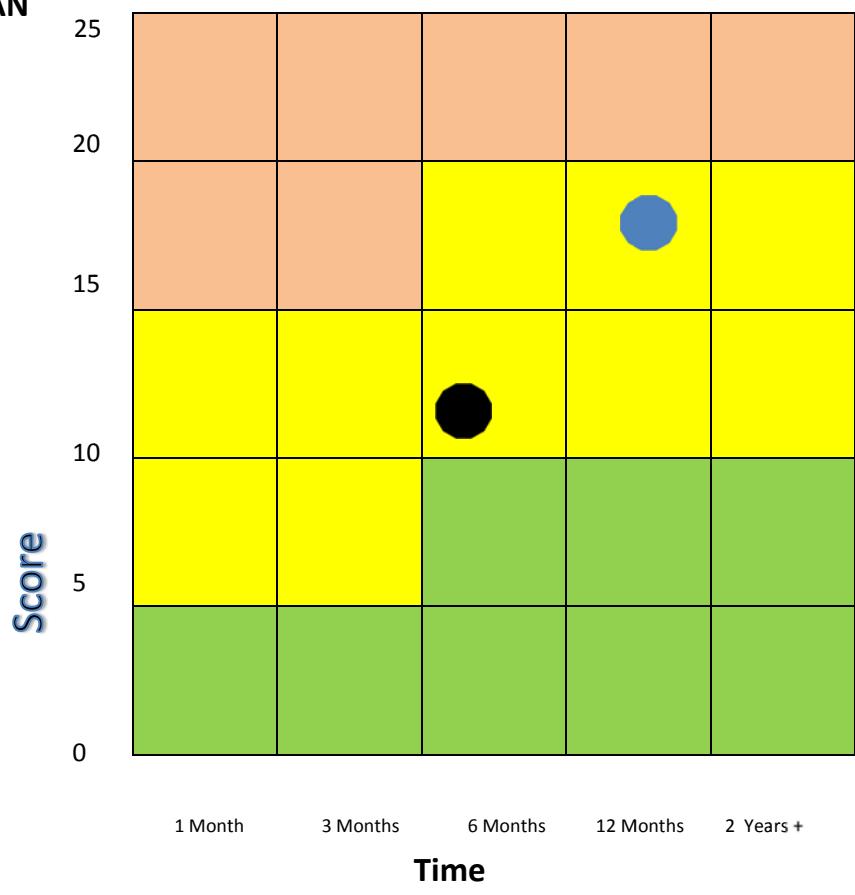
Current Controls (*description of controls*):	Current Risk Score		
	Probability	Impact	Proximity

Target Risk Score

Probability	Impact	Proximity

Current Controls (*description of controls*):	Target Completion Date

Actionee: _____   Owner : _____   Date: _____

3.8. Criteria for monitoring and benchmarking of risks

In addition to describing the likelihood and impact of risks as low, medium and high, AfricaRice has adopted the following benchmark tests for risk significance.

Risk scoreboard	Benchmark test for significance
Financial risk	Impact on donor funding. Member states contribution. Restricted donor receivables / Restricted donor payables Center reserves. Overhead costs. Full cost recovery.
Infrastructure risks	Disruption to normal operations. Increased cost of operation.
Reputational risks	Event on international or national television, scientific journal, radio or newspapers.
Strategic risks	Absence of strategic plan and Center Development plan. Absence of business continuity and evacuation plans.

These benchmarks are a tool for monitoring certain indicators as an alarm bell showing that the Center is moving in the wrong direction and identifying a risk that needs to be addressed by management.

4. Risk-aware culture or control environment

4.1. Definition

Culture is the overall attitude of every component of management within an organization. The culture of an organization determines how individuals will behave in a particular circumstance. Good risk culture is the product of individual and group values and of attitudes and patterns of behavior.

4.2. Why culture is important

A risk management initiative cannot succeed unless the culture of the organization is receptive to it. A good risk culture will lead to a commitment to the risk management objectives of the organization. A risk-aware culture is based on communication founded on the trust and shared perception of the importance of risk management. There will also be a

sharing of confidence in the selected control measures and a commitment to adhering to the established risk control procedures.

4.2. Link of culture to risk maturity

There are various ways of measuring risk culture. The method adopted by AfricaRice is to look at the level of risk maturity within the organization. The level of risk maturity in the organization is a measure of the quality of risk management activities and the extent to which they are embedded within the organization. The greater the level of risk maturity, the more embedded will be the risk management activities within the routine operations.

The method adopted by AfricaRice recognizes four levels of risk maturity: naïve, novice, normalized and natural:

4.2.1. Level 1: Naïve

Naïve organizations are unaware of the need for the management of risk or do not recognize the value of structured approaches to dealing with uncertainty. Management processes are repetitive or reactive, with insufficient attempt to learn from the past or to prepare for future threats or uncertainties.

4.2.2. Level 2: Novice

Novice organizations are aware of the potential benefits of managing risk, but have not implemented risk processes effectively and are not gaining the full benefits. The organization is either experimenting with the application of risk management or is operating a risk management process that has fundamental weaknesses.

4.2.3. Level 3: Normalized

 A normalized organization has built the management of risk into routine business processes and implements risk management throughout the organization. Generic risk management processes are formalized and the benefits are understood at all levels of the organization, although they may not be consistently achieved.

4.2.4. Level 4: Natural

Natural organizations have a risk-aware culture with a pro-active approach to risk management in all activities. As a result, the consideration of risk is inherent to routine processes. Risk information is actively used and communicated to improve processes and gain competitive advantage.

A risk-aware culture is defined by five criteria: leadership, involvement, learning, accountability and communication:

Criteria	Explanation
Leadership	Strong leadership within the organization in relation to strategy, projects and operations
Involvement	Involvement of all stakeholders in all stages of the risk management process
Learning	Emphasis on training in risk management procedures and learning from events
Accountability	Absence of an automatic blame culture, but appropriate accountability for actions
Communication	Communication and openness on all risk management issues and the lessons learnt

4.3. Risk maturity at AfricaRice

AfricaRice has progressed from Naïve before 2006 to Novice in 2014. It should aspire to being Natural by 2015 when the Business Continuity and Evacuation Plans will have been developed and adequately tested.

5. Milestones 2014-2017

The following milestones will be achieved between 2014 and 2017:

2014: Complete training/sensitization of all staff started in 2013; development of unit/station risk registers and the comprehensive AfricaRice risk register; revision of the AfricaRice risk management policy and framework; development of the AfricaRice Occupational Health & Safety Policy and Manual; appointment of risk management officers in the units and stations; training of staff of the Risk Management Unit.

2015: Develop the AfricaRice Emergency Evacuation policy and Business Continuity policy; risk management will be embedded into all activities at AfricaRice.

2016: Risk management at AfricaRice will become a routine; AfricaRice will have a risk-aware culture with a pro-active approach to risk management in all activities; as a result, the consideration of risk will be inherent to routine processes. Risk information is actively used and communicated to improve processes and gain competitive advantage.

2017: Refresher training course for all staff on risk management

5.1. Workplan and calendar of events – risk management activities 2014

Dates	Activities/Tasks
Meetings	
January 9	Meeting of Risk Management Unit
February 14	Meeting of Risk Management Unit
March 14	Meeting of the Risk Management Committee
March 06	Meeting of Risk Management Unit
March 25-27	Meeting of Board of Trustees: Presentation on risk management
May 16	Meeting of Risk Management Unit
June 27	Meeting of the Risk Management Committee
July 29	Meeting of Risk Management Unit
September 03	Meeting of Risk Management Committee

September	Board of Trustees meeting, : Presentation on risk management
September 05	Meeting of Risk Management Unit
November 25	Meeting of Risk Management Unit
November 18	Risk Management Committee meeting
Training for RMU	
June	Examination for the International Certificate in Risk Management on-line training course for Serge Ebanga and Olupomi Ajayi
Visits to Outstations	
March 10-14	S. Ebanga visits Côte d'Ivoire to review security risk management
March 30 – April 9	S. Ebanga visits Tanzania to review security risk management
July 30 – August 1 2014	S. Ebanga to visit Sierra Leone to discuss risk management issues at operational level and sensitize/train staff on risk management
July 30 – August 1 2014	O. Ajayi. to visit Liberia to discuss risk management issues at operational level and sensitize/train staff on risk management
Sept 10 -12	Visit by R. Thomasi to the Sahel Station, St. Louis, Senegal to train new staff and discuss risk issues at operational level. Finalization of the Security Risk Register Review of implementation of the agreed recommendations.
September 22-24	Visit by R. Thomasi and O. Ajayi to Ibadan Station to discuss risk issues at operational level
Sensitization/training of units at headquarters	
13-15 January 2014	Finance and Administration
20-22 January 2014	IITA and Bioversity; DGO and DPCS
27-29 January 2014	Programs 1 and 4

3-5 February 2014	Programs 2 and 3
10-12 June 2014	ICT, Planning & Budget, Finance
Reports	
Monthly	Reports to DDG
Monthly	Reports from the units/stations
March	Report to the full Board (Cotonou)
September	Report to the full Board (Abidjan)
February, June, August and November	Reports to the Risk Management Committee
Others	
April 2014	Revision of the RM Policy (RMP) and RM framework
June 2014	Presentation to Risk Management Committee
September 2014	Presentation to BoT for approval. Placement of RMP on Intranet
October 2014	Dissemination of RMP and Framework

ANNEX: DEFINITIONS

Term	Definition
Assurance	An evaluated opinion, based on evidence, gained from review, on AfricaRice's governance, risk management and internal control framework
Audit Committee	A committee appointed to support the Accounting Officer in monitoring the corporate governance and control systems in AfricaRice
Escalate	Refer a risk to a higher authority within the organization
Exposure	The consequences, as a combination of impact and likelihood, which may be experienced by AfricaRice if a specific risk is realized
Inherent Risk	The exposure arising from a specific risk before any action has been taken to manage it
Residual Risk	Exposure arising from a specific risk after action has been taken to manage it and making the assumption that the action is effective
Risk	The uncertainties that an organization must understand and effectively manage to execute its strategies achieve its business objectives and meet performance goals.
Risk Actionee	Nominated by the Risk Owner to hold responsibility for implementing risk treatment actions.

Risk Appetite	An expression of the nature and scale of risk or uncertainty which AfricaRice is willing to accept, tolerate or be exposed to at any point in time to achieve its objectives.
Risk Evaluation	process of comparing the results of risk analysis with risk criteria (risk appetite) to determine whether the risk and / or its magnitude is acceptable or tolerable
Risk Heat Map	A visual representation of the portfolio of identified risk, including current and target risk scores.
Risk Inventory	A range of risk areas used to prompt discussion and aid in the identification of risk to AfricaRice.
Risk Management	The ongoing process of risk identification, risk evaluation, assigning ownership, risk treatment, monitoring and reporting to ensure that risks to AfricaRice's strategic goals are identified, considered and addressed appropriately.
Risk Management Committee	The multi-functional oversight body, with executive authority, for risk management. The purpose of the committee is to assist AfricaRice in its responsibilities for Risk Management and oversee the successful implementation of controls to protect AfricaRice. The responsibilities of the Risk Management Committee are defined on page 12 of this Framework.
Risk Owner	The nominated employee within AfricaRice who is accountable for the management of the identified risk.
Risk Quantification	The objective measure of the probability, impact and proximity using a scoring matrix of descriptors and thresholds.
Risk Register	The formal document which captures all identified risks for the organization, including data to aid in management decision making.
Risk Strategy	The overall organizational approach to risk management as defined by the Director general and/or Board of Trustees of AfricaRice. This should be documented and easily available throughout AfricaRice.
Risk Treatment Plan	A document that captures a more detailed approach to the management for a specific, identified risk.