



Philippine Development Assistance Programme, Inc.
**PROMOTING RURAL INDUSTRIES AND MARKET
ENHANCEMENT (PRIME)**

**PRIME RISK MANAGEMENT
Concept Paper**

I. RATIONALE

PDAP, since the inception of PRIME particularly during the drafting of the Program Implementation Plan (PIP), has stressed the importance of risk management. Originally, the concept of risk management in PRIME was focused on the assumptions and risk assumptions elucidated logical framework analysis (LFA).

As mentioned in the PRIME PIP, factors external to the strategies of PDAP-PRIME also affect the achievement of the program's goals, hence the need for risk monitoring and management. In PRIME's LFA, the assumptions and risks at the impact, outcomes and outputs level have already been identified and would only need review and re-validation, as well as constant monitoring. What is missing however, is the elucidation of the risks tied up with the activities and inputs which are more critical on a tactical level.

With PRIME undertaking its third year implementation, it is imperative that PDAP not only re-assess its LFA assumptions and risks, identify activities and input risks, but also review the overall program environment to identify additional risks and layers of risks which might have not been evident during the planning and inception phases of PRIME. Hence, it is proposed that PDAP-PRIME undertake risk assessment and risk strategy development as a major project in the first semester of 2007-2008.

II. EXPECTED RESULTS

The PRIME Risk Management Plan is aimed to enhance performance management by supervising PRIME's external environment and develop strategies which could be used by PDAP to effectively respond to adverse external conditions in a timely manner. Specifically, the Risk Management Plan is expected to:

1. identify and understand critical risks, the nature and sources of these risks;
2. establish an integrated view of risk;
3. identify viable controls and mitigating strategies; and
4. develop a guide for program managers to make informed decisions and choices when responding to the program's evolving environment.

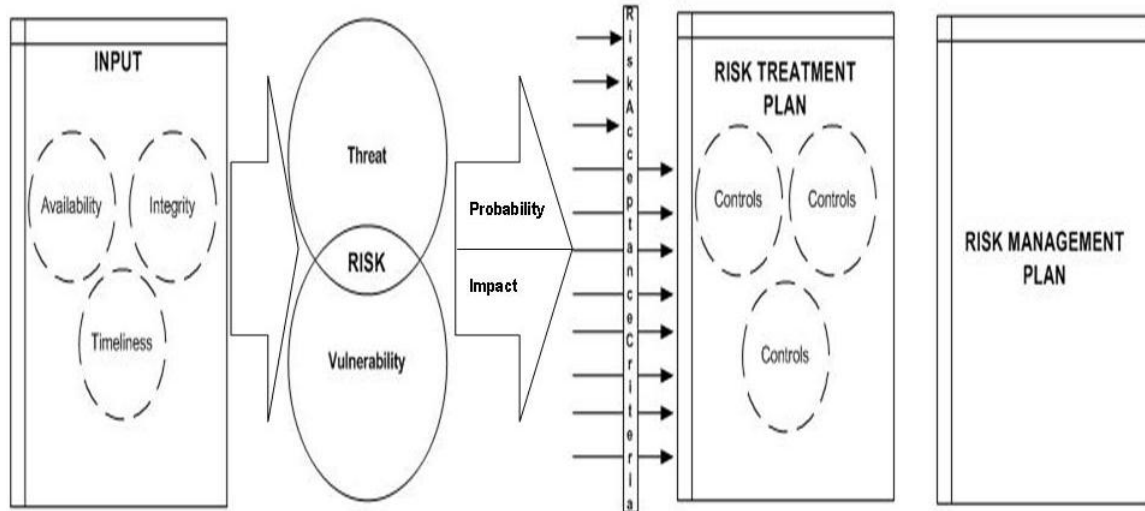
III. TARGET DATE

The target completion date for PRIME's Risk Management Plan is September 2007.



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IV. PRIME RISK MANAGEMENT FRAMEWORK



V. METHODOLOGY

To develop PRIME's Risk Management Plan, PDAP shall do the following:

1. Define the scope and boundaries of the Risk Management Strategy in terms of characteristics of the operations, the branches of the organization, its location(s), assets, technology, and details of and justification for any exclusions from the scope;
2. Define a PRIME Risk Management Policy that:
 - a. Includes a framework for setting objectives and establishes an overall sense of direction and principles for action with regard to program performance and security;
 - b. Takes into account business and legal/regulatory requirements, and contractual obligations;
 - c. Establishes criteria against which risk will be evaluated;
 - d. Has been approved by the management.
3. Define the risk assessment approach of the organization by:
 - a. Identifying a risk assessment methodology that is suited for PDAP-PRIME;
 - b. Developing a criteria for accepting risks and identifying the acceptable level of risk;
4. Identify the risks by:
 - a. Identifying the assets within the scope of the Risk Management Strategy, and the 'owners' of these assets;
 - b. Identifying the threats to those assets;
 - c. Identifying the vulnerabilities that might be exploited by the threats;
 - d. Identifying the impacts that losses of timeliness, integrity and availability may have on these assets;
5. Analyze and evaluate the risks by:
 - a. Assessing the impact on the organization/program that might result from a realized risk, taking into account the loss of timeliness, integrity or availability of the assets;
 - b. Assessing the realistic likelihood of a risk being realized in light of prevailing threats and vulnerabilities, and impacts associated with these assets, and the controls currently implemented;
 - c. Estimating the levels of risks;



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- d. Determining whether the risk is acceptable or requires treatment using the risk acceptance criteria established;
6. Identify and evaluate options for the treatment of risks with the possible actions of risk avoidance, risk reduction, risk retention or risk transfer;
7. Select control objectives and controls for the treatment of risks;
8. Develop a comprehensive Risk Management Plan; and
9. Obtain management approval of the proposed Risk Management Plan.

VI. WORKPLAN

ACTIVITY	NUMBER OF DAYS	WEEK									
		1	2	3	4	5	6	7	8	9	10
Risk Management Development Contracting	10	■	■								
Contract Applications Evaluation	4			■							
Risk Management Plan Scope Development & Risk Management Development Policy Drafting	2			■							
Risk Management Development Policy Approval	2			■							
Detailed Risk Assessment Strategy & Workplan Development	2				■						
Risk Acceptance Criteria Development	2				■						
Risk Identification and Assessment (field & desk work)	10					■	■	■			
Risk Probability & Impact Assessment	5							■	■		
Risk Register Development	5							■	■		
Control Mapping and Selection	5								■	■	
Risk Prioritization & Management Plan Drafting	5								■	■	
Risk Management Plan Workshop- Staff Level	2									■	■
Risk Management Plan Workshop- FMC Level	1										■
Risk Management Plan Workshop- Management Level	1										■
Risk Management Plan – Final Copy											■

VII. RISK MANAGEMENT DEVELOPMENT CONSULTANT’S TERMS OF REFERENCE

1. Assist in the definition of the scope and boundaries of the Risk Management Strategy in terms of characteristics of the operations, the branches of the organization, its location(s), assets, technology, and details of and justification for any exclusions from the scope;
2. Assist in the drafting of the PRIME Risk Management Policy ill be evaluated;
3. Define the risk assessment approach of the organization by:
 - a. Identifying a risk assessment methodology that is suited for PDAP-PRIME;
 - b. Developing a criteria for accepting risks and identifying the acceptable level of risk;
4. Lead the identification of the risks by assisting the PDAP and PRIME staff in:
 - c. Identifying the assets within the scope of the Risk Management Strategy, and the ‘owners’ of these assets;
 - d. Identifying the threats to those assets;
 - e. Identifying the vulnerabilities that might be exploited by the threats;



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- f. Identifying the impacts that losses of timeliness, integrity and availability may have on these assets;
5. Analyze and evaluate the risks by:
 - g. Assessing the impact on the organization/program that might result from a realized risk, taking into account the loss of timeliness, integrity or availability of the assets;
 - h. Assessing the realistic likelihood of a risk being realized in light of prevailing threats and vulnerabilities, and impacts associated with these assets, and the controls currently implemented;
 - i. Estimating the levels of risks;
 - j. Determining whether the risk is acceptable or requires treatment using the risk acceptance criteria established;
6. Identify and evaluate options for the treatment of risks with the possible actions of risk avoidance, risk reduction, risk retention or risk transfer;
7. Select control objectives and controls for the treatment of risks;
8. Develop a comprehensive Risk Management Plan; and
9. Present the proposed Risk Management Plan to the PDAP-PRIME management.