

CIDA ✶ ACDI



# Joint Risk Management

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# **New Approaches to Joint Risk Management**

High Level Pan Commonwealth Preparatory  
Meeting for HLF4  
September 8 and 9

# July Meeting on Joint Methods of Risk

“Risk management is not done for the purpose of risk management.”

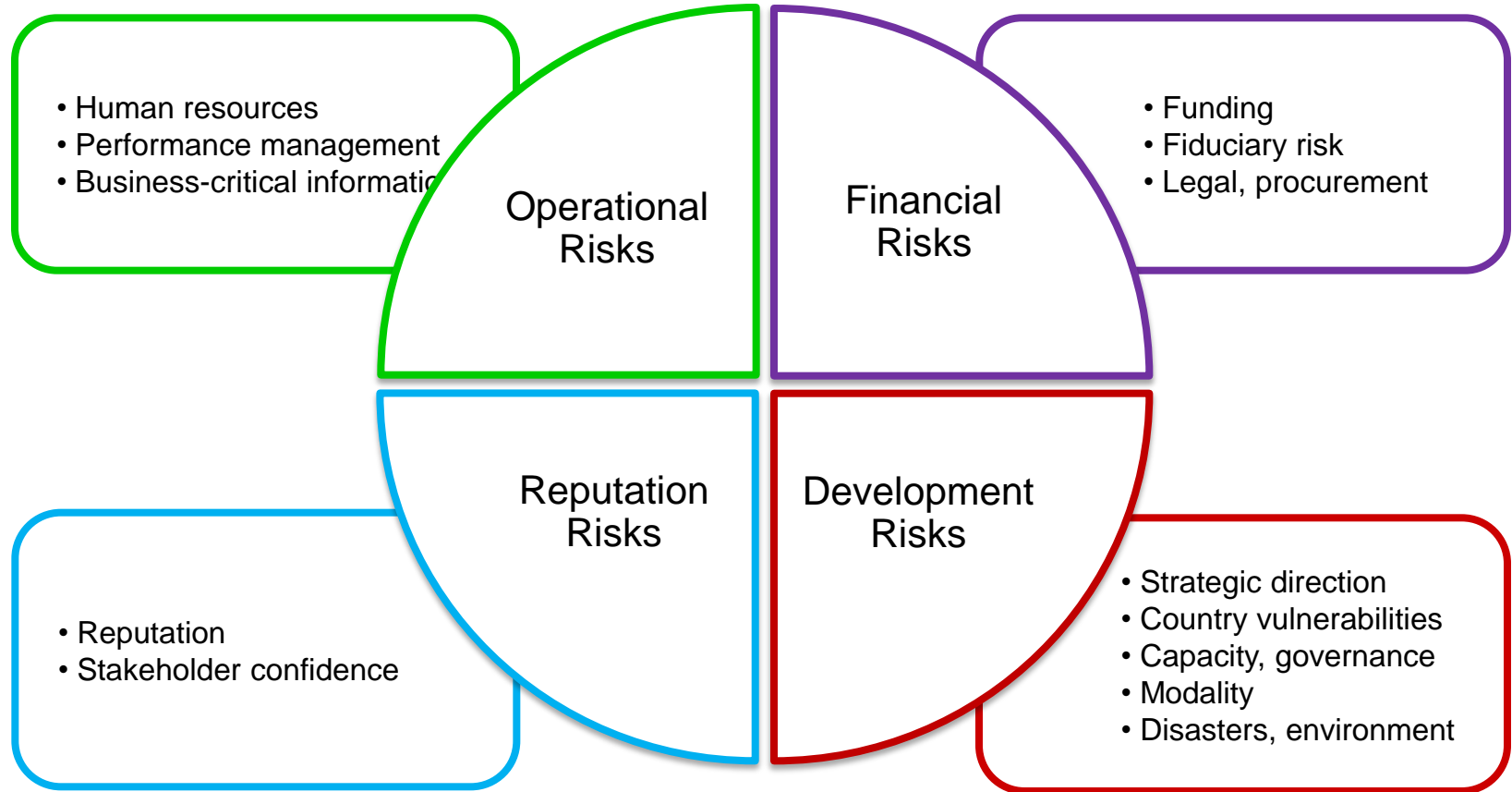
“It is an activity dependent and at the service of a series of other activities, all with the objective of improving development results.”

# Benefits

Doing risk management in a way that is cooperative and integrated:

- Improves effectiveness and efficiency of the development activities
- Shows transparency
- Reduces administrative burden
- Improves achievement of development results

# CIDA's Taxonomy – Key Risks



# DfID / UK

## The Orange Book

### Management of Risk - Principles and Concepts

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October 2004



HM TREASURY

# DfID's Taxonomy

Policy and development context	Results and delivery	Organisational resilience
Research	Delivery	Organisational change
Country context	International	People
Economic	Value for money	Security
Climate change	Financial resources	Information systems and business continuity
External regulatory and legal	Fraud and corruption	Reputational
	Aid effectiveness and instruments	
	Transparency	
	Commercial	



Australian Government

AusAID

# AusGuideline

General guidance

## 6.3 Managing risk

- Currently based on AS/NZ 4360 risk standard
- Moving to new, international ISO 31000





# **Public Financial Management Risk Assessment Framework**

## **Methodology – Investigation, Analysis, Decision, and Implementation**

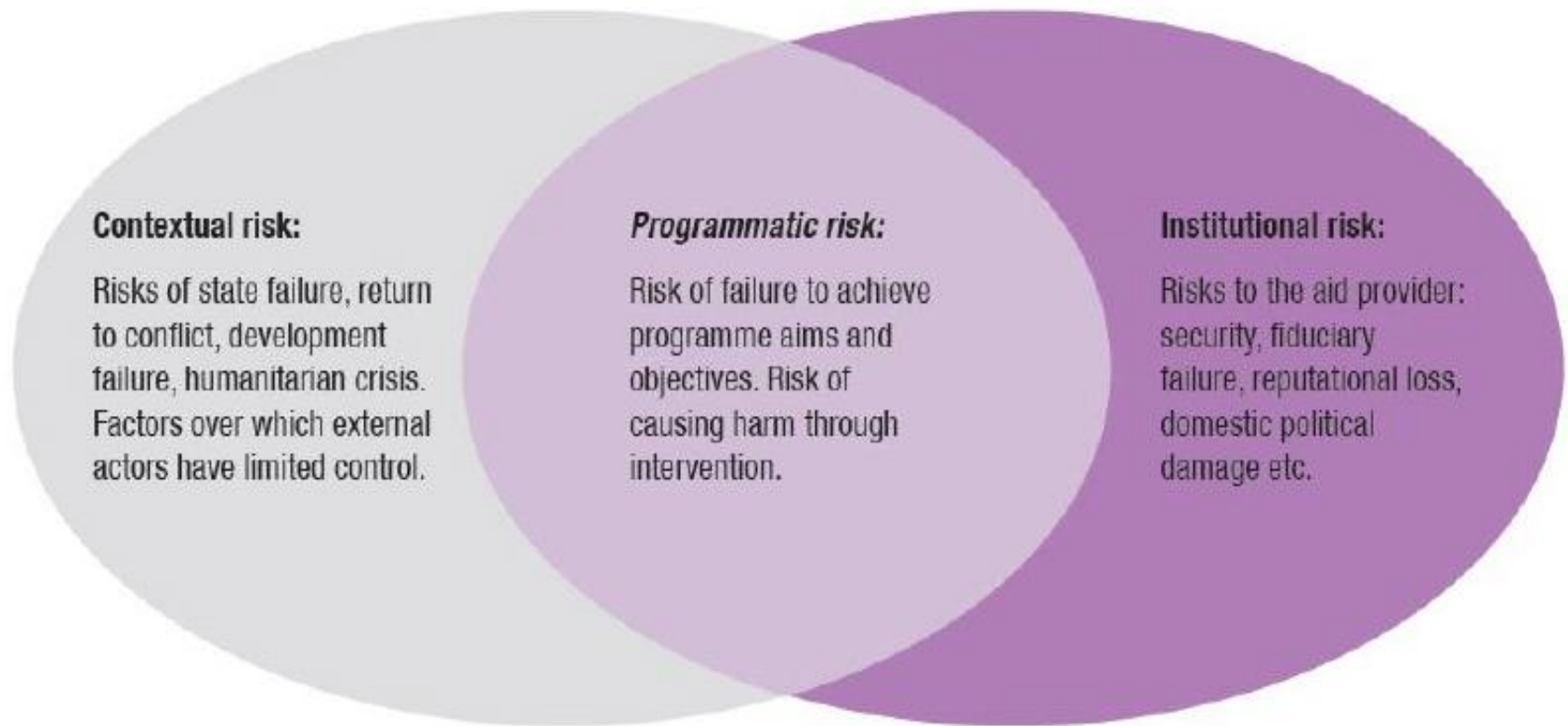
- Stage 1 – Rapid Appraisal
- Stage 2 – PFMRAF Assessment
- Stage 3 – Negotiation
- Stage 4 – Implementation

## **Methodology -- Inputs**

- Review IMF, World Bank, PEFA, other donor documents
- Review partner government documents
- Interview government officials
- Interview other stakeholders – IMF, World Bank, private sector
- Results of sampling or other PFM system tests

# Danida risk categories for fragile states

(from INCAF model)



# Netherlands



Ministerie van Buitenlandse Zaken

“Results and risk management need to be improved to be able to adapt to the high risk, high reward nature of working in difficult environments”

# Advice from the World Bank



- “Don’t worry about using identical scales, tools and taxonomies. Instead use joint principles and the same vocabulary.” Melinda Roth

# Common vocabulary



**DRAFT ISO GUIDE 73**  
**PROJET DE GUIDE ISO 73**

## **Risk management — Vocabulary**

ISO gives us a simple and clear terminology

# Joint principles

- Be smart risk takers: weigh risks against desired outcomes
- There is risk of not engaging
- We are acutely aware that there are human consequences
- Development objectives should drive the risk management approach
- Confront and manage risks jointly with our partner countries
- Work with partner governments to enhance their capacity to exercise their accountability
- Be more transparent in our communications
- Offer practical assistance to partners to implement the UN Convention Against Corruption
- There is a range of other risk areas that have significant impact on results

# Looking forward

“International development cooperation is inherently complex. A range of risks has the potential to affect the achievement of results. We therefore need to better understand risks, weigh them against the potential benefits of our interventions and treat them together.”

# Thank you

Development Cooperation Risk Group, launched last week (by invitation). Please contact [wes.darou@acdi-cida.gc.ca](mailto:wes.darou@acdi-cida.gc.ca)  
[http://web.acdi-cida.gc.ca/start.nsf/requestaccess?openform&name=\\_QR\\_DCRISK\\_External](http://web.acdi-cida.gc.ca/start.nsf/requestaccess?openform&name=_QR_DCRISK_External)

Also see Eldis RM Community for tools and documents:  
<http://community.eldis.org/.59bd7132/>