



SECRETARIAT OF THE PACIFIC REGIONAL ENVIRONMENT PROGRAMME

Twenty-Second SPREP Meeting

Apia, Samoa
13 – 15 September 2011**Agenda Item 9.9:****Risk Management Plan****Purpose of the Paper**

1. To seek endorsement of the SPREP 2011 Risk Management Plan.

Background

2. The 2011 Risk Management Plan (RMP) was developed by a committee comprising of Secretariat staff drawn from the SPREP Executive Team, Programme Managers and other Staff in response to the recommendations of the EC institutional Assessment of SPREP. However it has been recognized that the Plan performs an important role in the strengthening of SPREP's institutional processes generally. SPREP has been undergoing a period of change management for the past 2 years and the development of the 2011 RMP is evidence of the Secretariat's commitment to continuous internal improvement, and to build risk identification into the way it does business. An important element of the RMP is to bring the organization into line with relevant internationally accepted standards. Broadly speaking, the RMP has the objective of identifying risks to the organization and profiling these into a risk matrix. This enables the organization to analyse and prioritise risks to the organization more easily. In addition, it enables accountability to be established at an operational level so that the organization adopts a process of continual analysis of risk and revision where appropriate.

3. This paper will:

- Outline the approach of SPREP's Risk Management Plan
- Explain the rationale and process taken to prioritise management responses to risk
- Explain the rationale and process taken to manage or eliminate risk
- Outline the process of continual Monitoring and Evaluation of risks to the organization

Context of the Risk Management Plan

4. The process began with an overview of the risks facing the organization. For the purposes of the plan, 'risk' was defined in broad terms as 'anything which would limit or threaten SPREP's ability to achieve its objectives'.¹ Further, 'risk management' was defined more narrowly as:

'...the process of:

- *establishing the context and assessing the risks: profiling undesirable outcomes – strategic, financial, operational, compliance, reputation – before they happen,*

¹ Risk Management Plan at p.4

- *managing the risks: by setting up internal controls to manage the impacts by preventing, minimising or accommodating the risks, and*
- *communicating, monitoring and reviewing the risk management approach, to ensure it remains inclusive, up to date and a useful part of decision making. '*

5. SPREP's approach to risk management follows the generic sequence of best practice risk management, summarised in the following figure adapted from ISO 31000 (the international standard on *Risk management – principles and guidelines*).

6. The Report also identifies the personnel with overall responsibility for the performance of SPREP as the Director and the Deputy Director. The Program Managers are responsible to both the Director and Deputy Director both for their performance and that of the officers below them.

Categories of Risk

7. For the purposes of Context risk areas were identified broadly as external or internal.

External risks included:

- Local operating environment
 - Political Context
 - Law and Order
 - Health
 - Economic and Local Employment Context
 - Maintenance and Supplies
 - Essential Services
 - Meteorological and Environmental Hazards
- Regional Operating Environment
 - Policy Environment
 - Inter-organisational Relationships
 - Logistical Issue
 - Staff Welfare
 - Cultural Considerations
- Stakeholders
 - SPREP Members
 - Other Bilateral, Multilateral and Regional Organisations

Internal Risks

- Capabilities
- Decision Making
- Objectives
- Culture

PROCESS

Risk analysis

- **Criteria**

8. In order to prioritise management responses, SPREP assessed the significance of the risks. The assessment process involved the following key steps:

1. **Identification:** A committee of SPREP staff with relevant experience and background knowledge listed all possible and known risks.
2. **Analysis:** The SPREP Committee assessed the impacts of each risk by analysing the likelihood and consequences:
3. **Evaluation:** Using the analysis, the committee then identified the major risks requiring treatment. It also rated the effectiveness of the control measures in place: see the guide in [Appendix C](#). These ratings were brought together to identify the residual risk exposures, which will guide decisions on priority risks for management:

CONTROL

9. The main options for risk management / treatment / control to select from, on the basis of their respective costs and benefits, are (i) avoidance (ii) reduction (iii) sharing (iv) retaining risks.

MONITORING AND REPORTING

10. The importance of ongoing and constant monitoring and reporting of risk was highly relevant to the overall effectiveness of SPREP Risk Management policies. It was proposed that reviews and actions were undertaken by individuals and the organization as a whole on a regular and defined basis. Such consultations would cover progress made towards addressing particular risks and in addition, take note of lessons learned and a review of emerging risks and associated trends. The Secretariat risk management committee will provide a 6 monthly report to the Executive team on progress in addressing key issues, lessons learnt and any relevant changes needed to SPREP's operating environment including emerging risks and trends. The RMP will be updated annually as a core part of SPREP's planning and governance.

Recommendations

11. The Meeting is invited to **endorse** the SPREP 2011 Risk Management Plan.

23 August 2011