

Risk Management Policy

1.1 Preamble

Humanitarian Aid International (HAI) recognises that a proactive and structured approach to risk management is essential for achieving its mission of poverty alleviation and providing effective humanitarian assistance. Operating in complex environments, HAI faces various risks that could potentially hinder its ability to serve communities in need, protect its stakeholders, and uphold its values. These risks may include financial uncertainties, legal and regulatory challenges, operational setbacks, security threats, and reputational damage.

This policy outlines HAI's commitment to systematically identifying, evaluating, and managing risks, ensuring that these risks are minimised and that any potential negative impact on the organisation is appropriately mitigated. The establishment of a comprehensive Risk Register will further aid in ongoing risk monitoring and enable swift responses to emerging threats.

1.2. Aim

The aim of this Risk Management Policy is to:

- Provide a structured framework for identifying, assessing, and managing risks across all aspects of HAI's work.
- Ensure the protection of HAI's assets, resources, and reputation through a proactive risk management culture.
- Establish clear procedures and responsibilities for managing risks within the organisation.
- Enable swift and effective decision-making in response to both anticipated and unforeseen risks.

1.3. Scope

This policy applies to all HAI staff, board members, volunteers, contractors, consultants, and partner organisations. It is relevant to all programmes, operations, projects, financial transactions, partnerships, and any other activities undertaken by HAI both within India and internationally.

1.4. Objectives

The key objectives of the Risk Management Policy are:

- To ensure all significant risks are systematically identified, prioritised, and appropriately managed.
- To integrate risk management into the core operations, planning, and decision-making processes of HAI.
- To maintain a comprehensive Risk Register that tracks all identified risks, their severity, mitigation measures, and status.
- To promote continuous awareness and communication about risks at all levels of the organisation.
- To empower staff and stakeholders with the necessary tools and knowledge to identify, report, and mitigate risks.

1.5. Definitions

- **Risk:** A potential event, circumstance, or condition that could negatively affect HAI's ability to achieve its mission and objectives.
- **Risk Management:** The process of systematically identifying, assessing, mitigating, and monitoring risks to minimise their potential impact on the organisation.
- **Risk Register:** A living document that records identified risks, their likelihood, impact, mitigation strategies, and the responsible person(s) for monitoring them.
- **Mitigation Strategies:** Specific actions or controls implemented to reduce either the likelihood or impact of a risk.
- **Risk Likelihood:** The probability of a risk event occurring (low, medium, high).
- **Risk Impact:** The potential consequence or severity of a risk event should it occur (minor, moderate, major).

1.6. Risk Management Process and Procedures

HAI will adopt the following structured approach to manage risks effectively across the organisation:

1.6.1. Risk Identification

Risk identification is an ongoing process and will be integrated into all stages of project development, operational planning, and decision-making. Key steps for risk identification include:

- **Operational and Strategic Risk Reviews:** Conduct periodic risk assessments involving relevant teams to identify risks at both operational and strategic levels. These reviews should encompass potential financial, operational, reputational, legal, and security risks.
- **Programme and Project Assessments:** Prior to the launch of new projects or initiatives, a risk assessment will be conducted to identify risks specific to the programme or geographical location.
- **Stakeholder Consultations:** Engaging internal and external stakeholders (e.g., employees, partners, beneficiaries) to identify emerging risks or vulnerabilities that may not have been previously identified.

- **External Environment Monitoring:** Monitoring external factors such as political, economic, environmental, and regulatory changes that could affect HAI's operations and objectives.
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1.6.2. Risk Categorisation and Evaluation

Once identified, risks will be categorised based on their nature (financial, operational, reputational, etc.) and evaluated according to their likelihood and impact. The following criteria will be used to evaluate risks:

- **Likelihood:** Each risk will be rated as low, medium, or high based on how likely the event is to occur.
 - **Impact:** The severity of the consequences will be rated as minor, moderate, or major, depending on the potential harm to HAI's operations, reputation, or stakeholders.
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1.6.3. Risk Register Maintenance

A centralised Risk Register will be maintained and regularly updated by HAI's Risk Management team. The register will include:

- A detailed description of each identified risk.
- Likelihood and impact ratings.
- Assigned risk category (e.g., financial, operational, reputational, legal, security).
- Mitigation strategies for each risk.
- Risk owner (the individual or team responsible for monitoring and managing the risk).
- Review and update dates.

The Risk Register will be reviewed quarterly, or more frequently if necessary, by the senior management team. Emerging risks, new projects, or changes in external conditions may trigger updates to the register.

1.6.4. Risk Mitigation and Control Strategies

Mitigation strategies will be implemented to reduce the likelihood or impact of identified risks. Examples of risk mitigation actions include:

- **Preventive Measures:** Implementing internal controls, policies, or operational changes to prevent risks from materialising (e.g., establishing financial oversight systems, strengthening staff training).
- **Contingency Plans:** Developing response plans in case risks materialise (e.g., evacuation procedures, alternative financial plans).
- **Risk Sharing:** Entering partnerships or securing insurance coverage to share the risk burden with third parties.

- **Regular Monitoring:** Monitoring high-priority risks regularly to ensure early detection of warning signs and swift intervention.
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1.6.5. Risk Reporting and Escalation

- **Reporting Mechanism:** All employees, volunteers, and partners are encouraged to report any identified risks to their line manager or the Risk Management team. A confidential reporting mechanism will be provided for sensitive risks.
 - **Escalation Protocol:** High-impact risks or those that could severely disrupt operations must be escalated to the senior management team or the board for immediate action.
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1.6.6. Risk Response Plan

If a risk materialises, the response plan will be activated. The Risk Management team will work with the relevant departments to:

- Assess the situation and take immediate corrective actions.
 - Activate contingency plans to minimise disruption.
 - Inform affected stakeholders and, if necessary, external authorities or donors.
 - Review the root causes of the risk event and update the Risk Register with lessons learned.
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1.6.7. Risk Communication

HAI will foster open communication around risks, ensuring that all staff, volunteers, and partners understand the importance of risk management. Key aspects of risk communication include:

- Regular risk management briefings to staff.
- Inclusion of risk considerations in project and operational planning discussions.
- Reporting on major risks and mitigation strategies during board meetings.

1.7. Violations of Policy

Failure to comply with this Risk Management Policy or negligence in managing identified risks may have significant consequences for HAI's operations, reputation, and financial health. Employees or partners found in violation of this policy may be subject to disciplinary actions, including termination, and, where applicable, legal consequences.

1.8. Reviews and Amendments

This Risk Management Policy will be reviewed annually by HAI's senior management and board. Updates will be made to ensure the policy remains relevant and comprehensive in light of new risks, changes in the operational environment, and feedback from risk assessments or audits.

Declaration

This Risk Management Policy was adopted by the Board of Directors of Humanitarian Aid International (HAI) on [Insert Date]. All staff, volunteers, and partners are required to adhere to this policy to support the organisation's risk management efforts and safeguard its mission.

By embedding a culture of risk awareness and proactive management, HAI ensures that it is equipped to anticipate and mitigate challenges, ensuring operational continuity and the ability to serve vulnerable populations effectively.

Policy Review and Finalization

- **Date of Last Review:** 18 November 2024
- **Date of Finalization:** 18 November 2024
- **Reviewed and Approved By:** Programme Committee - HAI Board
- **Next Review Date:** 01 April 2025