



# **CORPORATE LEVEL RISK FRAMEWORK**

## **ETC Foundation**

ETC	Management
Date	16 July 2014
Electronic file name	ETC Corporate Level Risk Framework

**For Approval:**

A handwritten signature in blue ink, appearing to be 'J.H.J. Dusseljee', written over a horizontal line.

J.H.J. Dusseljee

Director ETC Foundation

## CORPORATE LEVEL RISK FRAMEWORK

ETC recognises that its development work takes place in dynamic economic, political, technological and institutional environments. Moreover, the nature of ETC's work involves changing the status quo in a particular environment in terms of contributing to gender equality, poverty alleviation and environmental sustainability. The nature of the work of ETC inherently comes with some uncertainty and risk at the level of ETC as an institution, and to its partners and the ultimate beneficiaries of its services.

In this regard, on both the organisational and programme levels, ETC makes intensive use of the Planning, Monitoring and Evaluation cycle to identify risks as well as risk mitigation strategies wherever and whenever relevant.

In assessing ETC-level risks, ETC:

- considers what the organisation wishes to achieve in its annual ETC-wide work plans and in the programme work plans – *goals and results*;
- identifies the principal opportunities and dangers that may affect achieving these goals and results – *uncertainties*;
- assesses the likelihood that each opportunity or threat will materialise – *probabilities*;
- prioritises and rates the extents of the resulting gains or losses to the organisation from each opportunity or danger - *magnitudes of the positive or negative consequences*.
- considers what the organisation can do:
  - to increase the probability and the magnitude of the positive consequences of each opportunity, and
  - to decrease the probability and the magnitude of the negative consequences of each danger through risk mitigation techniques for each threat.
- determines whether and how the organisation should take these actions by considering the costs and benefits of each technique.

ETC implements the following process in integrating risk identification and mitigation strategies in its PME cycle on the organisational and programme levels:

- ETC develops a Results Matrix for each proposal which includes the objectives of the intervention and the expected results and targets, thereby allowing results-based financing (RBF) whenever relevant.
- For the objectives and expected results, the partner identifies the risks that could hinder the achievement of each result and target, and proposes a mitigation strategy.
- The identified risks and mitigation strategies are agreed with ETC and included as part of the performance-based contract, detailed in the annual work plans and monitored in bi-annual progress and financial reports and during monitoring missions and backstopping.
- The Executive Management (the director, financial controller and line managers) feed the risk identification and mitigation strategies from the various programme progress and

financial reports into ETC-wide work plans on the progress of the mitigation strategies in ETC-wide annual reports and financial reports.

- Once a year, the director will organise an annual progress meeting with all staff members to discuss the draft ETC-wide work plan and budget including the identified risks and mitigation strategies. Based on the outcomes of this annual review meeting, the director finalises the reports for submission to the Board of Trustees. The Board of Trustees will review the annual risk identification and mitigation strategies and provide recommendations and conclusions. ETC will manage the implementation of the BoT recommendations and conclusions.