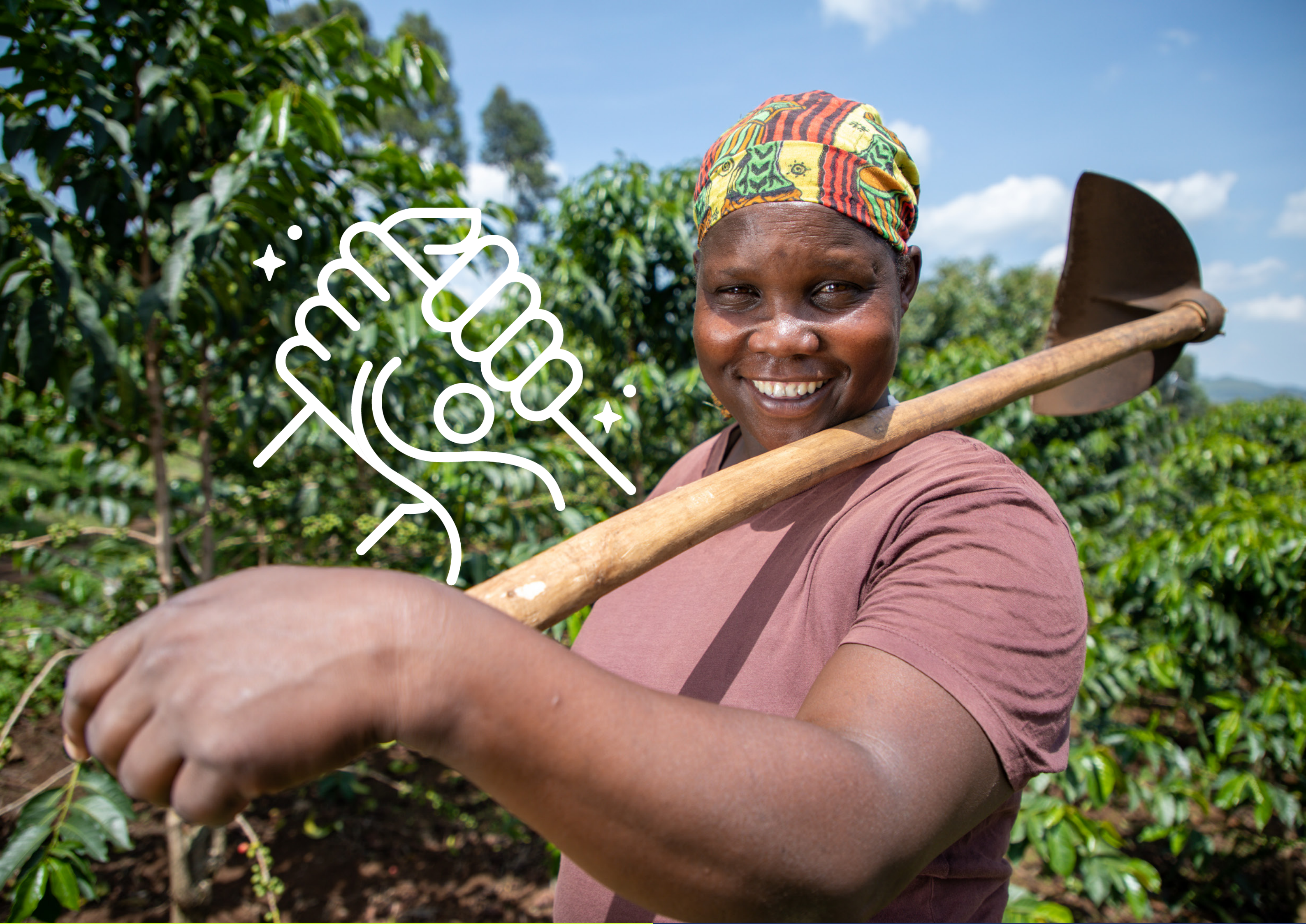
TRAINERS' MANUAL

ON RISK ASSESSMENT AND MANAGEMENT FOR PRODUCER ORGANIZATIONS (POS)

Version 31.03.2022_V1.0



Co-Funding Information

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List of Acronyms:

FPC	Fairtrade Premium Committee
FTA	Fairtrade Africa
GA	General Assembly
HLOs	Hire Labour Organizations
IT	Information Technology
POs	Producer Organizations

1.0 Introduction

1.1 What is this manual about?

This manual has been put together as standardised training material for training of Fairtrade Producer Organizations in Africa. This manual has been designed for use by trainers providing support services in strengthening and building effective POs.

The trainers' reference material incorporates adult learning techniques that identify and build on experience in respect of knowledge, skills and attitudes. As in all adult training, the training would be practical, demonstrative and participatory. Mix training techniques such as presentations, structured discussions, group discussions and presentations, participatory exercises, case studies, assessment/course evaluations etc. have been incorporated into the training sessions to enable learning that is relevant, and applicable to the job situation and meet the standard requirement of Fairtrade certified Producer Organizations.

This trainer manual consists of all relevant content and information that the training wants to convey. This has been presented as a training kit providing guidelines on how to deliver the training. This manual contains instructional guidelines for trainers to deliver training on record keeping.

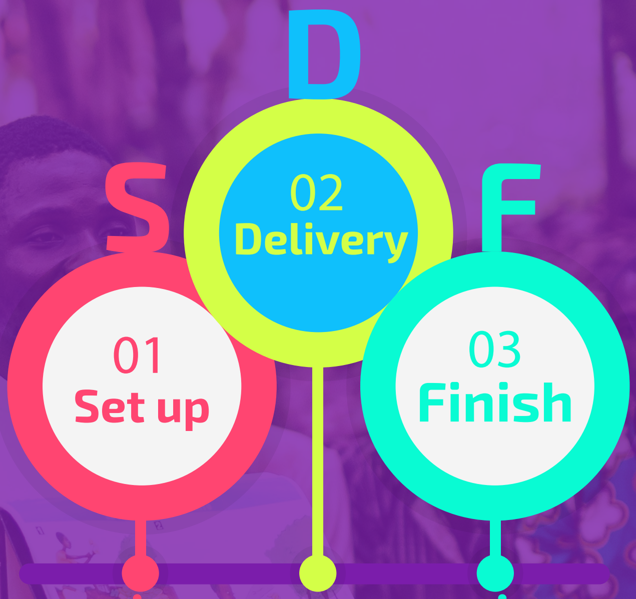
1.2 How does this trainers manual work?

The trainers manual consists of three (3) modules whiles each of the modules contains a number of subtopics. Every topic contains the following sections;

- **Key information:** this provides an overview of the content that needs to be transferred to participants. It will not be shared with participants, but rather will serve for the trainer as an overview of what is important.
- **Additional information:** this will provide extra information that might be useful for the trainer to get a better understanding of the topic.
- **Fairtrade Standards and Compliance Criteria** (if applicable): this provides an overview of the requirements and guidance of the Fairtrade Standard and FLOCERT compliance criteria. This will ensure that all applicable requirements will be covered during the session.
- **Guidelines for the trainer**: this provides a step-by-step description on how to facilitate the session, including training methods to use, short evaluation to test learning and next step to start application.

The trainings sessions recommended for the training has been set up according to the Set up-Delivery-Finish (SDF) model. This approach is user-friendly model with a variety of training techniques to keep participants actively engaged. Training methods proposed to be used by the trainers are structured discussions, participatory exercises, peer-learning techniques, role plays, brainstorming, case study, etc.

The SDF model consist of the following detailed steps:



SET UP

Attention: Get the attention of participants, for example by asking a question, showing something, telling a story related to the topic, etc. to gain their attention.

Title: The title of the topic.

Objectives: Explain what will be learned during this session.

Benefits: Explain the advantages when applying the knowledge (what is in it for them?).

Direction: Set the boundaries of session by explaining what will be discussed and what not

DELIVERY

Explanation: Provide details on the topic

Demonstration: Visualize the topic; use pictures, visuals, real materials but also examples and role plays. An activity to display or demonstrate knowledge or skill to be acquired by participants

Exercise: Get participants to do an exercise to learn through practice (doing). Learning by doing method

Guidance: Guide participants throughout the topic to ensure facilitator/trainer stay within the topic.

FINISH

Summary: Summarize the key information. The trainer just mentions the key points to participants. This can also be activity based where participants are asked to share key lessons learnt during the training.

Questions: Allow the participants to ask any question or provide additional comments.

Evaluation: Test the understanding of participants by asking questions about the key information.

Next step: Mention how the learning can be put into practice.

1.3 Welcome, Opening and Introductions

Objectives:

By the end of this session, participants will:

- Introduce themselves to each other
- Be able to explain the objectives and set-up of the training
- Set objectives with respect to their own participation in the training
- Clarify expectations with respect to what the training will offer and demand
- Establish ground rules for their interaction as a group.

Time: 30 Minutes

Method: Individual presentations

Training materials: Flip chart, markers

Procedure:

01 Welcome all present to the training. Ask one person to pray

02 Trainer should introduce him/herself to participants and the name to be used during the training. Your organization, what it does, what you have been doing

03 Ask participants to introduce themselves and describe their background (apart from getting to know the participants, this will also allow a quick assessment of the level of knowledge, skills and experience of participants in terms of knowledge translation).

04 Trainer invites participants to share their expectation during the training. List them on the flip chart

05 Lead participants to set ground rules for the training and list them on the flip chart

06 Review the training programme with participants based on their expectations

07 Ask for questions about the training

08 Agree on the time schedules

2.0 Module 1: Risk Assessment and Management

Module framework

Topics	Learning objectives	Time
✦ Understanding risk ✦ Types of risk ✦ Risk management ✦ Risk management processes ✦ How to manage risk ✦ Risk register	✦ Explain what risk is ✦ List the types of risks ✦ Describe the risk management ✦ Processes State two strategies to manage risk ✦ Understand how to develop a simple risk assessment matrix	2 Hours 30 Minutes

Key information

Understanding / definition of risk

- Risk is any threat that if it occurs may prevent the organizations objectives from being achieved in whole or in part.
- Risk is the potential effect of uncertainty on project objectives.
- A risk is an uncertain event which may occur in the future
- A risk may prevent or delay the achievement of an organizations or unit's objectives or goals

In project management context. Risk can be defined as the potential effect of uncertainty on project activities, outputs and outcomes.

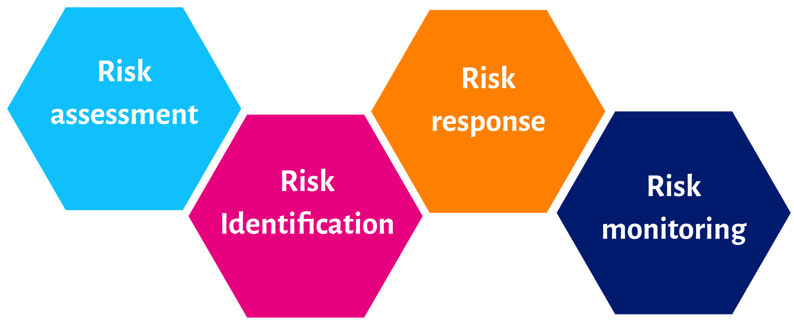
Types of risk

Risk assessment and management are essential to project success, but often overlooked or perceived as something that is done for compliance purposes in the proposal writing stage. In the identification and definition phase, the task of Fairtrade Premium Committee(FPC)is to begin to explore the potential risks associated with project to be implemented. Each project is unique, and it is not possible to develop a single set of risk categories that would fit all organizations and projects. Project teams (FPC) must survey the context of the project and develop a set of risk categories that is appropriate to their unique needs. Risk can be economic or financial, organizational, governance and compliance, technical/operational, political, environmental, project management risk, reputational, strategic etc.

Risk management

Risk management is a process that identifies all relevant risks, assesses those risks, addresses the risks in order of priority, monitors risks and reports on their management.

It has four essential parts to it:



In order to manage risks involved with any project, a risk assessment needs to be carried out to enable project implementers to act on the findings.

Characteristics of good project risk management

Good project management risk practices present the following characteristics:

- Begins with the project design and continues through the implementation of the project
- Project risk management is not a separate activity but combined with other project management activities
- Implementation of project risk management is the responsibility of all project stakeholders.

A good risk management programme cuts across all the phases of project management described below;

- **Identification and Definition**:

  Here the project team define needs, explore opportunities, analyze the project environment, and design alternatives for defining the project. The decisions made during the project identification and definition phase set the strategic and operational framework within which the project will subsequently operate.

- **Project Setup:**

  At this stage, the project is officially authorized, and the overall parameters of the project are defined and communicated to the main project stakeholders. Also at this stage the project team establishes the project governance structure.

- **Project Planning:**

  At this stage of the project management phase, a comprehensive and detailed implementation plan and supplementary plans that provide a model for all the work of the project are developed. These plans are revisited throughout the life of the project and updated to reflect the changing contexts of the project.

- **Project Implementation:**

  At this stage, the project implementation team implement the detailed project plan as has been thought of in the initial project design. This stage is critical as it is the operationalisation of the project ideas in response to the change desired.

- **Project Closure:**

  This takes place after the project has been implemented. This phase includes a lot of activities such as confirming the deliverables with beneficiaries, collecting lessons learned, and completing the administrative, financial and contractual closure activities.

Factors that promote successful risk management

To be successful with risk management practices, POs need to consider the following factors:

- Involve all levels of staff and management in the process
- Check controls measures are relevant and effective
- Ensure risk owner takes responsibility for management of risks under their control
- Focus on risk cause, not its symptoms.

Why risk management may fail

Risk management actions fail because of the following reasons;

- Limitations of scope
- Lack of top management support
- Lack of engagement with relevant stakeholders
- Failure to share information
- Not embedded within planning and management system.

Risk management processes

The process of risk management is basically a structured way to think about risk and how to deal with it and can be broken down into the progression shown with communication at its core. Managing risk implies a four-stage approach which is described below;

Risk identification

- Risk identification begins right at the identification and definition phase of the project management cycle.
- Any risks that could affect the project either in a negative or positive way need to be identified and then ideally put into different categories for clarification. For instance, risk may be categorised as; project management risk, economic risk, governance compliance, political etc.
- Categories should not be too broad but appropriate to allow the risk to be identified with ease, they can be either external or internal factors that might have an effect on the project.
- The risk identification should be done by members of the Fairtrade Premium Committee (FPC) and other stakeholders through brainstorming sessions, focus group discussions or specific interviews e.g. If the project was to build a new school, it would be useful to interview the beneficiaries.
- Each identified risk should be written in a way that describes what the cause of the risk is, what the risk is and what its impact might be on the project, so that appropriate responses can then be given.
- The risk identification process needs to continue through the entire life of the project as it evolves over time. Initially risks might involve funding, while later on they might involve more operational aspects such as budgeting and scheduling.

Risk assessment

Risk assessment outside the project management context, refers to assessing the probability of PO members not being able to comply with certification requirements. Where there is an internal management system, risk assessment should be based on information from the farm assessment of members' fields. Even where there is no internal management system, it is good practice to carry out farm assessments with regard to compliance on the standards.

Risk assessment is carried out at the **project set up stage** of the project management cycle. At this stage, identified risk at the project identification stage are **quantified** and **documented**.

A risk assessment addresses two difficult challenges when managing project risk:

- **Prioritizing Risks:** Using criteria agreed upon by the project team (FPC) and key stakeholders, risks are ranked according to their probability and impact.
- **Identifying Risk Tolerances:** Next, the project team (FPC) needs to work with key stakeholders to identify their risk tolerance levels to identify which risks are acceptable, and which fall outside of acceptable tolerance levels and need to be actively managed.

A helpful tool for assessing risk is the Risk Assessment Matrix.

A risk map or matrix is usually used to help to assess risks, using a scoring system to identify the likelihood of the risk occurring and the impact that it might have should it occur.

Different projects will have different risk profiles. If the success of a project depends upon a large number of factors, then it is likely to be riskier than one that is not. A project can score highly in terms of financial, social, and environmental impact but at the same time be very risky and has a low likelihood of success.

It is essential to analyse the risk profile of a project and design strategies to mitigate them. Those risks with no mitigating factors or those that their mitigating strategies can only reduce, not totally eliminate are known as residual risks. The highest residual risks of each project can then be compared. The process of developing a risk assessment matrix includes;

- Ranking the impact and probability of the risk on a scale of low, medium or high.
- Identify risk tolerance line; risk is color classified (Red= High, Yellow=medium, Light Green=Low)

To determine whether a risk is high, medium or low, two factors need to be considered,

1. **Impact** – the magnitude of the loss/harm done if the risk arises.
   It can be categorised as high, medium and low.

   High: Serious impact on operations, reputation, community

   Medium: Significant impact on operations, reputation, community

   Low: Little impact on operations, reputation, community

2. **Probability** – It is the likelihood that a risk can occur. Probability can be described as high, medium and low.

   High: An event is expected to occur in most circumstances

   Medium: An event will probably occur in many circumstances

   Low: An event is very unlikely to occur

Risk matrix

The following is an example of a risk matrix

Probability \ Impact	Low	Medium	High
High	Medium Risk	High Risk	High Risk
Medium	Low Risk	Medium Risk	High Risk
Low	Low Risk	Low Risk	Medium Risky

Where the probability is high and so is the impact, the score would be 9 and this would be considered a major risk and would need to be actively managed. Slightly less of a concern would be risks that were scored at 4 and 6, and these could be monitored and reviewed. Of even less concern would be risks that were assigned values of 1, 2 and 3.

Hire Labour Organizations

If any major projects (as defined by the FPC and agreed in the GA), loans or investments are to be undertaken with Premium funds, then a risk assessment must be carried out for each of these projects respectively to minimize risk. The FPC should be trained so that they are able to carry out simple risk assessments, and should be able to understand more complicated ones. These trainings should be organized by the FPC or management and can be provided by Fairtrade International representatives.

If more complicated risk assessments are required and this is beyond the capacity of the FPC then they can be undertaken by an independent third party. For example, a worker owned producing /processing unit may be considered a large investment and should be analysed for risk while a loan to the company would be considered high risk, and must be assessed externally

Risk response

Risk response occurs during the project set up phase of project management. Risk identification and assessment form the basis for sound risk response options. Once a risk has been identified as being above the project risk tolerance line, the project team (FPC) must identify a strategy to best respond to the risk.

The FPC's goal is to recognise when to respond if risk exceeds the project tolerance levels. For example, "risk intolerant" projects will actively attempt to manage risks regardless of where they fall in the matrix. On the other hand, "risk-tolerant" projects might be willing to accept a great amount of risk without intervening to actively manage the situation. It is also important to note that risks change over time, so they must be actively reviewed and assessed according to their probability and impact. It is also a good idea to review the strategies and ensure they are still relevant to the context and risk.

If a risk is identified to be above the risk tolerance line, a response or a strategy is needed to address it. Any of the following options or combination of some might be used as a way to respond to the risk;

- **Terminate/Avoid** – Don't deal with the risk e.g. if the project area was decided to be insecure, then you might choose not to do it in that area.
- **Transfer** – Share the risk by involving stakeholders or other party e.g. by taking out insurance to transfer the risk to the insurance company.
- **Treatment/Mitigation** – Act to reduce the probability and/or impact of a potential risk e.g. adjust or revise certain activities.
- **Tolerate/Accept** – If the risk is below the defined toleration level, you might choose not to take any action.

Risk monitoring

Risk monitoring involves continuously surveying project environment and anticipating possibility that something may go wrong, or not turn out as planned. The project manager needs to continually and comprehensively survey the risks which have the potential to threaten project success and actively manage these threats throughout the life of the project.

Risk monitoring is carried out during the project implementation phase. During the project implementation phase, FPC will continually monitor risks to identify any change in their status, or if they turn into an issue. It is best to hold regular risk reviews throughout this phase to identify actions outstanding, risk probability and impact, remove risks that have passed, and identify new risks.

Risk register

The Risk Register is developed in the project setup phase and should be updated and reviewed throughout the planning phase. During the implementation of the project, the risk register needs to be reviewed and updated as agreed upon points throughout the project.

- A risk register is a management tool used to record relevant details relating to risks.
- It is a database of information on risks.
- Contains the list of project risks, the results of risk analysis and the risk responses
- Details all identified risks including description, category, cause, probability of occurring, impacts on objectives, proposed responses, owners and current status.

A risk register also contains information about the magnitude of probability and impact of the risk. It may also include proposed risk response strategies and "risk response owners" of the risk. The risk register can also include information about the cost and schedule impacts of these risks.

Factors that promote successful risk management

To be successful with risk management practices, POs need to consider the following factors:

- Involve all levels of staff and management in the process
- Check controls measures are relevant and effective
- Ensure risk owner takes responsibility for management of risks under their control
- Focus on risk cause, not its symptoms.

Why risk management may fail

Risk management actions fail because of the following reasons;

- Limitations of scope
- Lack of top management support
- Did not engage all stakeholders
- Failure to share information
- Not embedded within planning and management system

How to manage risk

Risk management forms an important part of good management and necessary to achieving organizational and desired project outcomes. The ability of leaders to manage risk is very important in several ways because it;

- Provides the basis for making decisions to meet operational requirements and achieve project and programme objectives;
- Helps to identify things that can go wrong in the project process and offers ways to address them effectively;
- Contributes to satisfying needs and achieving value for money
- Leads to better planning and better outcomes.

Some risks can be managed whiles others cannot be avoided because they are natural and are difficult to be controlled. Producer organizations therefore need to focus on risks that can be managed and take the necessary measures to prevent their occurrences.

Fairtrade Standards and Compliance Criteria for Small producer organizations

Year of audit	Core requirement	Fairtrade standard	Standard Guidance	FLOCERT Compliance Criteria Number	FLOCERT Rank 3 (minimum needed)	FLOCERT Rank 5 (best practice)
1	1st grade, 2nd grade, 3rd grade	Fairtrade standard 3.1.2 You identify which requirements in the Production chapter you and your members may be at risk of not complying with.	Risks refer to the probability of members not being able to comply with the requirements. The information needed to determine risks would most probably come from knowledge within the community, from your and your members' experiences or from discussions at the General Assembly. Best practice is to gather this information through farm assessments	3.1.0.02	There is a basic written/drawn identification of possible risks that covers at least the most important risks.	There is a written/drawn identification of the possible risks that are related to all requirements AND there is a process to involve members on this identification AND best practice in terms of obtaining information: data from all members through farm assessments
3	1st grade, 2nd grade, 3rd grade	Fairtrade standard 3.1.3 Your identification of risks is repeated periodically, at a minimum every 3 years	The identification could be repeated more frequently if needed	3.1.0.03	There is an updated Basic written/drawn assessment that covers at least the most important risks AND all areas that generated non conformities in previous years.	The updated risk assessment covers all requirements and identifies all relevant risks AND there is a process to involve members on this identification AND best practice in terms of obtaining information: data from all members in field survey
3	1st grade, 2nd grade, 3rd grade	Fairtrade standard Cocoa 3.1.8 (1 January 2020) (Cocoa) Findings and updates from farm assessment data and risk assessments are discussed with the member and the resulting agreed actions built into the Farm Improvement Plan		3.1.0.12	Required discussions take place with the majority of members and agreed actions are included in the plan.	Required discussions take place with all members Individually AND agreed actions are included in the plan AND all the agreed actions are specifically tailor made for the farmer.

Fairtrade Standards and Compliance Criteria for Hire Labour Organizations (HLOs)

Year of audit	Core requirement	Fairtrade standard	Standard Guidance	FLOCERT Compliance Criteria Number	FLOCERT Rank 3 (minimum needed)	FLOCERT Rank 5 (best practice)
1	Multi estate, Single plantation	**Fairtrade standard 2.1.17** The Fairtrade Premium Committee **administers** the premium funds responsibly. There is no evidence of favouritism and fraud in the management of the Fairtrade Premium. A risk assessment **is undertaken** for all major projects and **reported** on at the GA. Major projects include: any cash distribution of Premium; any loan to management any investment that is more than 50% of total annual Premium income or exceeds 15,000 EUR (or equivalent in local currency), whichever is lower. Such loans and investments **are to be carried out** with all necessary formalities and guarantees.	The explanatory document to this standard provides sample guidance on how to carry out simple risk assessments. Training on risk assessments is also recommended and may be provided by Fairtrade International representatives or by a 3rd party at the request of the FPC or management. Risk assessments may need to be undertaken by an independent third party if the FPC does not have the qualifications to do so and can be arranged by the management at the request of the FPC.	2.1.0.44	The risk assessment is done as per the minimum Requirement set in the FPC explanatory document AND includes all major project and Fairtrade Premium cash distribution.	The risk assessment is done as per the minimum Requirement set in the FPC explanatory document AND includes all Major project and Fairtrade Premium Cash distribution AND independent third party have been used to undertake the risk assessment.

Guidelines for the Trainer

Materials needed:	☑ Flip-sheets and markers ☑ LCD projector, Laptop, Projector screen ☑ Copies of leaners activities ☑ Copies of Fairtrade standards and compliance criteria for POs and HLOs ☑ Copies of assessments
Time needed:	2 Hours 30 Minutes
Preparations:	☑ Carefully read the key information, Fairtrade Standards and Compliance guidelines in this manual, the trainees manual ☑ Print enough copies of supporting training materials ☑ Review the trainees manual and participants' materials ☑ Ensure that all materials required for the session are available

Note for the trainer:

Control the time especially during open discussions and try to work within time. The use of local languages is also recommended where necessary to facilitate learning, skills and knowledge acquisition. Make the training lively by engaging participants through open discussions, experience sharing, group exercises and presentations etc. Explain to participants that in an adult class there is no wrong answer to encourage them to share their views openly without any hesitation.

Session in Short

Set up:
10 Minutes

Delivery:
2 Hours
- Understanding risk
- Types of risk
- Risk management
- Risk management processes
- How to manage risk
- Risk register

Finish:
20 Minute

Set up – 10 Minutes

Attention:	Ask participants to mention types of risk that can hinder the realisation of objectives of the organization. Tell participants that they need to identify these risks and put in place measures to mitigate them.
Title:	Tell the title/topic of the session: Risk Assessment and Management **Objectives:** Explain to participants that, at the end of the training session, they will be able to ▪ Explain what risk is ▪ List the types of risks ▪ Describe the risk management processes ▪ State two strategies to manage risk ▪ Understand how to develop a simple risk assessment matrix
Benefits:	Leaders of producers' organizations need to identify and understand the impact of risks and take appropriate measures to eliminate or control them.
Direction:	Discussions will be limited to risk and it related concepts, risk management and assessment in relation to project management by Fairtrade producer organizations.

Delivery - 2 Hours

Explanation, Case Study, Exercise, Guidance and Application:

1. Find out from participants how risks are handled in their respective producer organizations.

   - Ask the following questions:
     a. How do you identify risk in your organization ?
     b. How does risk affect your organization ?
     c. How do you control or minimise risks in your organization ?
     d. Are you in compliance with Fairtrade standards and compliance in risk management ?
     e. Do you have any challenges in controlling risk in your organization ?
     f. How have you resolved it ?

2. After several responses from participants, facilitate plenary discussions alongside PowerPoint presentation on risk and its related concepts (what is risk, risk probability and risk impact). Tell participants that risk hinders producer organizations for achieving organizational as well as project activities. Add that risk has the potential of delaying the realising of project hence the need to identify and control it.

3. Ask to know if there are any questions. In case there are, answer questions with inputs from the participants.

4. Engage participants to know the types of risk they know or associated with their work in their respective producer organizations. Ask the following questions;
   a. What types of risks can you identify with the realisation of project in your organization?
   b. Give examples of each of the categories of risk identified
   c. How do these risks hinder the work of the organization?

5. After listening to participants and recording their responses on a flip chart, present the content on the section on the types of risk. Tell participants that each project is unique, and it is not possible to develop a single set of risk categories that would fit all organizations and projects. Project teams (Fairtrade Premium Committee) must survey the context of the project and develop a set of risk categories that is appropriate to their unique needs.

6. Break out participants into groups and allow them to work on exercise (Annex 3.2). Here let them work on ONLY the types and specific examples of each of the risk identified. Move round and guide participants to apply knowledge acquired. Discuss the results.

7. Facilitate a discussion and presentation on risk management processes. Here take your time and take participants through each of the processes to enable them get a deeper understanding of each of the four (4) stages i.e.: **(i) risk identification (ii) risk assessment, (iii) risk response and (iv) risk monitoring.** Before you tackle each of the stages of risk management processes, start with a discussion and presentation on the characteristics of good project risk management; a recall of the phases of project management, benefits of good risk management practices, why risk management may fail, factors that promote successful risk management. Tell participants that a good risk management programme cuts accros all the phases of project management i.e from identfication and definition to project closure.

8. Begin the discussion and presentation of **risk management** processes with risk identification. Ask the following questions;
   a. How do you identify and document risk in your organization?
   b. What are some of the examples or kinds of risk that you have identified in carrying out project?
   c. Give specific risk of each of the risk categories identified

Tell participants that the identifying the right risk will help put in the right mitigation measures. Any risks that could affect the project either in a negative or positive way need to be identified and then ideally put into different categories for clarification. For instance, risk may be categorised as; project management risk, economic risk, governance compliance, political etc. Once risk categories have been identified, specific risks need to be identified from each category. The risk identification should be done by members of the Fairtrade Premium Committee (FPC) and other stakeholders through brainstorming sessions, focus group discussions or specific interviews e.g. If the project was to build a new school, it would be useful to interview the beneficiaries. Tell participants that each identified risk should be written in a way that describes what the cause of the risk is, what the risk is and what its impact might be on the project, so that appropriate responses can then be given.

9. The next step of the risk management process is to conduct a **risk assessment**. This involves making an assessment of the probability or the likeness of the occurrence of the risk identified and estimating their potential.

   - Ask the following questions;
     a. How do you do your risk assessment in your organization?
     b. What tools do you use?
     c. Have you had any training on how to conduct risk assessment?
     d. Any experience you want to share with other participants?
     e. Is your organization in compliance with Fairtrade standards and compliance criteria?

   - Explain to participants after several responses that outside project management, risk assessment refers to assessing the probability of PO members **not being able to** comply with certification requirements. In the project management context, risk assessment is carried out at the project set up stage and addresses two difficult challenges when managing project risk:

     a. **Prioritizing Risks:** Using criteria agreed upon by the project team (FPC) and key stakeholders, risks are ranked according to their probability and impact.
     b. **Identifying Risk Tolerances:** Next, the project team (FPC) needs to work with key stakeholders to identify their risk tolerance levels to identify which risks are acceptable, and which fall outside of acceptable tolerance levels and need to be actively managed.

10. Tell participants that a helpful tool that can be used for assessing risk is the risk assessment matrix. Take participants through the process of developing a risk assessment matrix. Guide participants to develop a risk assessment matrix to put into practice knowledge acquired. Tell participants that the risk assessment need to be updated

    - Repeatedly periodically at a minimum of every 3 years per Fairtrade Standard and Compliance criteria.
    - Tell participants their respective organizations need to be in compliance with the following:
      a. **POs-Fairtrade standard 3.1.3** - Your identification of risks is repeated periodically, at a minimum every 3 years
      b. **HLOs-Fairtrade standard 2.1.17** - The Fairtrade Premium Committee administers the premium funds responsibly. A risk assessment is undertaken for all major projects and reported on at the GA.

11. After discussions and presentation on risk identification and assessment, move on to facilitate a discussion and a presentation on risk response. Ask participants to share on how they have been able to develop a response to any risk identified. Tell participants risk response involves deciding what actions are needed to reduce or remove threats, particularly those with high-probability of occurring and high-impact. Tell participants that it is impossible to eliminate all project risk. Any of the following options or combination of some might be used as a way to respond to the risk;

    a. Terminate/Avoid – Don't deal with the risk e.g. if the project area was decided to be insecure, then you might choose not to do it in that area.
    b. Transfer – Share the risk by involving stakeholders or other party e.g. by taking out insurance to transfer the risk to the insurance company.

c. Treatment/Mitigation – Act to reduce the probability and/or impact of a potential risk e.g. adjust or revise certain activities.
d. Tolerate/Accept – If the risk is below the defined toleration level, you might choose not to take any action.

12. Conclude the section on risk management process with discussions and presentation on risk monitoring. Ask the following questions;
    a. How do you monitor risk in your organization?
    b. Who is in charge of monitoring risk in your organization?
    c. At what point of the project management cycle do you do risk monitoring?
    - Tell participants that risk monitoring is carried out during project implementation phase. During project implementation phase, FPC will continually monitor risks to identify any change in their status, or if they turn into an issue. It is best to hold regular risk reviews throughout this phase to identify actions outstanding, risk probability and impact, remove risks that have passed, and identify new risks.

13. Facilitate a discussion and presentation on the risk register. Tell participants that a risk register is an important tool for risk monitoring and if developed at the onset of the project then it can be used throughout the project. Share a format of a risk register with participants and take them through it step by step to make sure they understand how it works and how to develop it.

14. End the session with a discussion and presentation on how to manage risk. Ask participants the following questions;
    a. How do you manage risk identified in your organization?
    b. Can you share specific measures taken by your organization in managing risk?
    c. Do you have any challenges in managing risk in your organizations?
    - After several responses, tell participants that some risks can be managed whiles others cannot be avoided because they are natural and are difficult to be controlled. Producer organizations therefore need to focus on risks that can be managed and take the necessary measures to prevent their occurrences. Ask participants to work on the case study on risk management plan (Annex 3.3). Here let them work on ONLY risk mitigation strategies for each of the risk identified. Move round and guide participants to apply knowledge acquired.

Finish – 20 Minutes

Summary:
Summarise the session by sharing some key lessons from the training. You can equally ask each of the participants to share what they have learnt from the training.

Questions:
Ask if anyone has a question or comment.

Evaluation:
Share copies of the assessment on the module with participants allowing them to take the assessment.

Next step:
Tell them “We have discussed how risk can be assessed and managed by producer organizations. When you go back to your respective producer organizations do your best to implement lessons learnt to mitigate risk and also be in compliance with Fairtrade standards and compliance criteria”.

3.0 Annex

3.1 Proposed Solution on Assessment

State whether the following statement is True or False

	Statements	True	False
1.	Risks help organizations to achieve their target		√
2.	Probability is the possibility that a risk may occur	√	
3.	Changes in government and political instability possess threat to organizations	√	
4.	Some risks can be managed whiles others cannot be avoided because they are natural and are difficult to be controlled	√	
5.	Risk management processes starts with risk assessment		√
6.	Risk transfer involves sharing the risk by involving third parties	√	
7.	Every member of the organization should be involved in the risk management process	√	
8.	Project risk management is not a separate activity but combined with other project management activities	√	
9.	Risk owners should not be responsible for the management of risks under their control		√
10.	Lack of training and personal development plans for workers and leaders possess threat to the organization	√	

3.2 Exercise on risk

Risk

Requirement:

In the table below, provide two examples of risk under each of the risk categories identified and provide two mitigation strategies for same.

Type of risk	Specific examples	Risk mitigation strategies
Economic/financial		
Organizational		
Governance and Compliance		
Technical/operational		
Strategic		
Project management risk		
Reputational		

Proposed Solution

Type of risk	Specific examples	Risk mitigation strategies
Economic/financial	▪ Market development adversely affect project ▪ Reduction in funding	▪ Buying project materials in bulk when necessary to avoid price increment and also to attract discounts ▪ Organising fund raising activities
Organizational	▪ Poor leadership ▪ Ineffective communication	▪ Training in leadership and communication ▪ Have a clear organizational structure with clear chain of command
Governance and Compliance	▪ Weak oversight by Board ▪ Compliance with applicable legislation	▪ Elect competent members as board of directors ▪ Registration with required statutory agencies
Technical/operational	▪ Inadequate design and planning ▪ Failure of IT system	▪ Training in planning and project design ▪ Back up Information Technology (IT) systems and avoid use of unauthorized flash disc on the organizations computers
Strategic	▪ Engages in activity at variance with its stated objectives ▪ Fails to engage in an activity that would support its stated objectives	▪ Follows the vision and mission ▪ Develop and follow strategic plan
Project management risk	▪ Lack of planning, risk analysis, contingencies ▪ Delays in the approval of project documents	▪ Training in project management ▪ Reduce bureaucratic procedures with project approval and selection of suppliers
Reputational	▪ Organization engages in activities that could threaten its good name ▪ Poor stakeholder relations	▪ Develop staff ethics and policies ▪ Identify and develop strategic partners and alliances with stakeholders

3.3 Case Study - Risk management plan

The coronavirus pandemic is ravaging economies across the world with no end in sight and for the Ghanaian creative arts sector. The COVID-19 pandemic has really had adverse effect on the businesses of handicraft producers and marketers. The outbreak of the Covid has resulted in no business at the Arts Centre as the closure of the borders has prevented inflow of tourists who are the majority consumers of handicrafts produced and marketed at the Arts Centre. About 98% of sales made at the Art Centre are made from tourists. The closure of the borders has resulted however in huge financial losses for the marginalized arts producers. Due to the lockdown, the arts producers did not record sales and this affected their businesses negatively. Leadership of Adom Handicrafts Association is finding it very difficult to finance its operations due to the outbreak of the pandemic that has resulted in low or no sales of members. Leadership is putting in efforts to revive the association to bring it on its feet again. Based on this case,

- As an expert you have been tasked to help the association identify the risk(s) of member businesses using the table below

Type of risk	Causes/sources of risk	Impact of the risk	Risk Response

Proposed Solution

Risk Management Plan			
Type of risk	**Causes/sources of risk**	**Impact of the risk**	**Risk response**
Environmental risk	Outbreak of Coronavirus pandemic restricting physical movement of international tourists	Reduction in sales of causing huge financial losses for the marginalized arts producers.	1. Develop innovative ways of selling online through a safe E-commerce Platforms. This will help to keep businesses going in times where physical movement of customers is not safe or restricted. 2. Encourage local consumption of handicrafts by locals by organising exhibitions and fairs at vantage points. 3. Build Strategic partnerships with arts galleries on the international market to acts as agents where arts lovers can still make purchases.
Economic/ Financial risk	Decline in sales revenue due to lockdown and restrictions in movement of persons	Reduction in sales of causing huge financial losses for the marginalized arts producers.	1. Develop innovative ways of selling online through a safe E-commerce Platforms. This will help to keep businesses going in times where physical movement of cuwstomers is not safe or restricted. 2. Encourage local consumption of handicrafts by locals by organising exhibitions and fairs at vantage points. 3. Build Strategic partnerships with arts galleries on the international market to acts as agents where arts lovers can still make purchases.

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