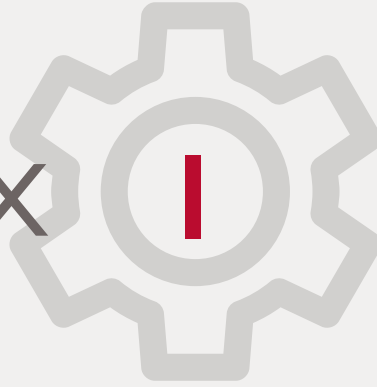


ANNEX



WHY THINK IN TERMS OF RISK

ANNEX I: WHY THINK IN TERMS OF RISK

Thinking in terms of risk helps USAID and Implementing Partners be more systematic about understanding context. It guides the analysis of hazards, threats, vulnerabilities, and assets—and their interaction—at the community, individual, system, and institutional levels.

More specifically, thinking in terms of risk has several advantages:

- We become more aware of and informed about complex contexts.
- We recognize that contextual risk is universal but varies across countries.
- We understand that risk is never eliminated.
- We gain a predictive perspective from the early identification of risk factors.
- We think holistically by looking at all risks and how they interact.
- We better identify and understand assets and capacities.
- We identify opportunities for prevention and mitigation.
- We see the relationship between risk and resilience.

Thinking in terms of risk is particularly relevant for complex and volatile situations, which typically feature multiple contextual risks. Analyzing only one contextual risk is counterproductive when other risks are present and influence each other. Consider any school community in these contexts—they face multiple risks and need to manage them simultaneously. They may suffer violence or armed conflict; witness floods, earthquakes, or other natural disasters; or grapple with an out-of-school youth population that engages in risky—if not violent—behavior.

By employing risk concepts and terminology, USAID and Implementing Partners can facilitate collaboration with national institutions and organizations. In particularly politicized and sensitive environments, national partners can view the terms *conflict*, *crisis*, and *violence* negatively, which can complicate and even undermine cooperation toward a more informed understanding of context—and better program results. The use of such terms as assets and capacities is particularly helpful in engaging stakeholders and partners in discussion.

Improving our understanding of contextual risk informs efforts to reduce risks to programs and institutions. The following diagram illustrates how contextual risk relates to other risk categories.

Examples: Countries with Multiple Risks¹⁴

Somalia: conflict, floods, droughts, food insecurity

South Sudan: conflict, floods, droughts, food insecurity

Pakistan: conflict, floods, earthquakes

Afghanistan: conflict, earthquakes, droughts, floods

Haiti: cyclones, earthquakes, violence

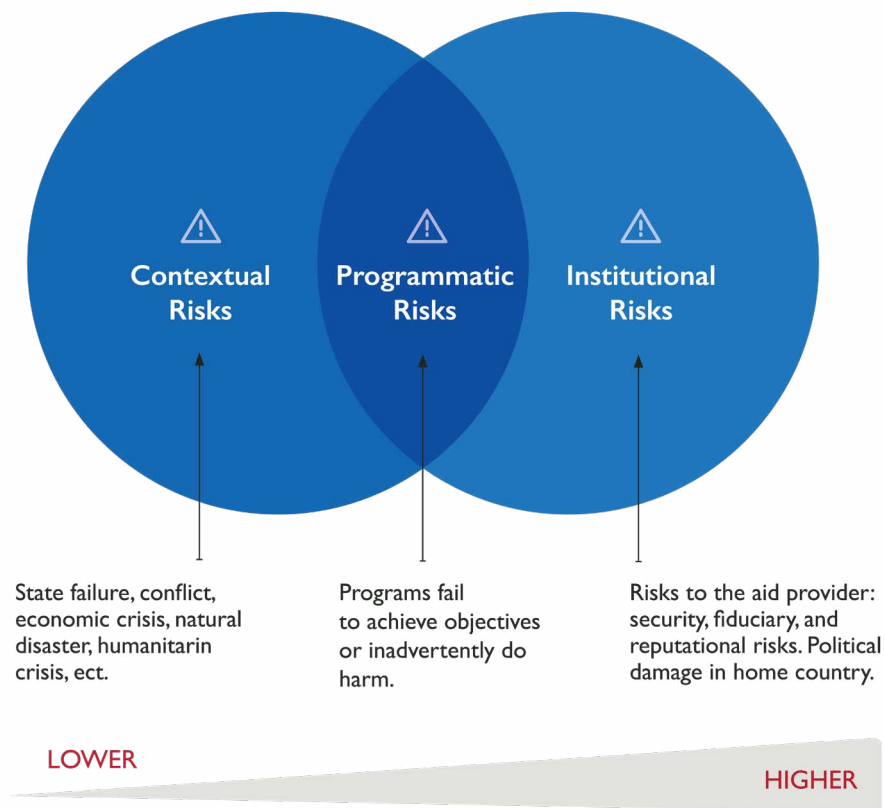
El Salvador: violence, earthquakes, tsunamis, floods

Philippines: cyclones, tsunamis, earthquakes, conflict

¹⁴ For a useful multirisk information resource, including global rankings of country risks and their dimensions of risk, see INFORM: Index for Risk Management, <http://www.inform-index.org/Results/Global>. INFORM is a collaborative project of the Inter-Agency Standing Committee (IASC) and the European Commission (EC).

Risk categories are linked, and responses to one influence another. For example, contextual risk (such as gang violence) influences programmatic and institutional risk in that violence in the communities USAID serves can undermine education program outcomes and pose a threat to USAID and Implementing Partner staff. USAID and Implementing Partners must take risk management measures to address these risks for the sake of both program results and staff safety—and to uphold a reputation for quality and effectiveness.

MAIN RISK CATEGORIES: THE COPENHAGEN CIRCLES



Adapted from: OECD (2011), *Managing Risks in Fragile States: the Price of Success*