MALAWI - SCOTLAND PARTNERSHIP

RISK MANAGEMENT POLICY

DOCUMENT CONTROL

Approved by	MaSP Board of Directors
Responsible Owner	Risk Management Lead/Champion
Created	26th June 2025
Policy version	1
Revised	N/A
Approved on	26th June 2025
Next Policy review	26th June 2027

POLICY APPROVAL	
BOARD CHAIRPERSON – Mr. Daniel Daka	**Signature:**
CHIEF EXECUTIVE OFFICER – Ms Linda Dembo	**Signature:**

DATED: 26th June 2025

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1. INTRODUCTION

Malawi Scotland Partnership (MaSP) recognises that managing risk is fundamental to achieving its vision of fostering effective, impactful partnerships between Malawi and Scotland. This Risk Management Policy is a cornerstone of MaSP's governance and internal control systems.

Risk is inherent in everything we do - whether managing international partnerships, delivering development programmes in challenging environments or maintaining strong stakeholder relationships across country. Our aim is not to avoid risk but to understand, anticipate and manage it responsibly to safeguard our people, values, assets and reputation.

This policy supports informed, risk-aware decision-making at all levels of MaSP and provides a structured framework for identifying, assessing, managing and monitoring risks. It outlines the key roles, responsibilities and tools required to ensure risks are managed proactively, consistently and transparently across the organisation.

Risk management at MaSP is not just about mitigating threats. It is equally about recognising opportunities, enabling responsible innovation and promoting a culture of continuous learning, so we remain a trusted and resilient partner in both Malawi and Scotland.

2. PURPOSE, SCOPE AND DEFINITIONS

2.1 Purpose

This policy sets out the key elements of MaSP's risk management framework and articulates the principles that underpin our approach. It serves to:

- ❖ Communicate a structured and consistent method of managing risk across all levels;
- ❖ Promote shared understanding and use of risk concepts and terminology;
- ❖ Support risk-informed decision-making aligned with MaSP's mission, values and strategic priorities;
- ❖ Reinforce our commitment to effective governance and operational integrity.

2.2 Scope

This policy applies to:

- ❖ All MaSP offices, departments, projects, operations, staff, volunteers, interns and governing bodies;
- ❖ All functions, resources and processes - including strategic, operational, programmatic, reputational, fiduciary, safeguarding and compliance-related activities;
- ❖ Activities undertaken both locally in Malawi and collaboratively with Scotland-based partners and funders.
- ❖ MaSP adopts the ISO 31000 risk management standard as the guiding framework, along with its own ethical standards, policies and values. Risk management will be embedded

in strategy formulation, operational planning, project implementation and evaluation processes.

2.3 Definitions

- **Risk:** The effect of uncertainty on objectives. It may relate to negative events (threats) or positive outcomes (opportunities).
- **Risk management:** The coordinated activities to direct and control an organisation with regard to risk. This includes risk identification, assessment, treatment, monitoring and communication.
- **Risk appetite:** The level and type of risk MaSP is willing to take in pursuit of its objectives.
- **Residual risk:** The remaining risk after controls have been applied.
- **Risk owner:** The individual or team responsible for monitoring and responding to a specific risk.

3. POLICY STATEMENT

MaSP is committed to achieving its mission through partnerships that are ethical, innovative, inclusive and accountable. As we pursue ambitious goals in complex contexts, we recognise the importance of a robust risk management culture to:

- Safeguard our people, assets and reputation;
- Ensure accountability to our members, partners and donors;
- Promote responsible risk-taking to enable strategic growth and social impact.

We commit to:

- Maintaining high standards in programme quality and integrity;
- Ensuring staff and member safety, particularly in remote or high-risk environments;
- Exercising strong financial discipline and transparency;
- Managing project risks proactively, from proposal to implementation;
- Upholding our values and principles, even in the face of opportunity or adversity.

We will not compromise ethical standards for short-term gains and will decline opportunities that jeopardise our values or sustainability.

4. RISK MANAGEMENT OBJECTIVES

MaSP's risk management objectives are designed to support sound decision-making, promote good governance and ensure alignment between strategic goals and operational practices. Specifically, we aim to:

- Define and periodically review MaSP's risk appetite and risk tolerance;
- Encourage a proactive, preventive approach to risk across all departments;
- Ensure timely identification, evaluation and management of risks, including those that emerge from partnerships, programming, operations or external factors;
- Minimise exposure to adverse risks while embracing opportunities that align with MaSP's values and strategy;
- Support all staff and volunteers in making informed, risk-based decisions with appropriate levels of confidence and support;
- Maintain business continuity and organisational resilience in times of disruption;
- Provide a strong audit trail to demonstrate compliance, responsiveness and learning;
- Build and maintain funder and stakeholder confidence by managing risks effectively;
- Promote a risk culture grounded in the P.A.R.T.N.E.R.S.H.I.P. principles.

5. RISK MANAGEMENT PRINCIPLES

MaSP's risk management approach is guided by the following core principles:

- **P**artnerships: We engage openly with our member organisations, clusters and Scotland-based partners to identify shared risks and responsibilities.
- **A**ccountability: We maintain strong internal controls and provide transparent reporting to all stakeholders.
- **R**esilience: We anticipate challenges and invest in systems and people that enhance our organisational strength.
- **T**rust: We uphold integrity, ethical conduct and consistency in decision-making at all levels.
- **N**imbleness: We remain adaptive and responsive in our approach to emerging risks and opportunities.
- **E**mpowerment: We support staff and partners with training and tools to manage risk responsibly.
- **R**esponsiveness: We learn from past events and use data to improve future performance.
- **S**afety: We prioritise the well-being and security of staff, members and visitors including visiting Scotland-based officials.
- **H**armony: We foster collaboration across teams, partners and funders to balance differing risk perspectives.
- **I**nnovation: We take calculated risks in pursuit of creative solutions and sustainable development.
- **P**roactivity: We identify and address risks early through planning, analysis and dialogue.

These principles reflect our unique identity as a cross-cultural, cross-continental partnership organisation.

6. RISK APPETITE AND CULTURE

6.1 Risk appetite

Risk appetite is defined as the level and type of risk MaSP is willing to accept in pursuit of its strategic and operational objectives. MaSP recognises that some risks are necessary for innovation and progress, but also acknowledges that certain boundaries must be respected, particularly those relating to ethics, compliance, safety and financial solvency.

Risk appetite is determined by the Board of Directors, upon recommendation from the CEO and Senior Management Team (SMT). It guides decisions across the organisation, including:

- Project selection and partnership engagement;
- Programme design and delivery;
- Financial planning and cost control;
- Operational initiatives and resource allocation.

A Risk Appetite Statement is maintained and reviewed annually, or as required by the CEO, to reflect the evolving internal and external risk environment.

6.2 Organisational risk culture

MaSP promotes a strong and inclusive risk culture where:

- Risks are discussed openly at all levels without fear of blame;
- Risk management is embedded in planning, implementation and review;
- Staff and members are trained and encouraged to report concerns;
- Learning from success and failure is shared across the organisation;
- Collaboration, especially through cluster and strand teams, encourages peer-to-peer support in identifying and addressing risks.

7. GOVERNANCE STRUCTURE AND ROLES

MaSP's risk governance structure establishes clear lines of responsibility and accountability for risk management across all levels of the organisation. Risk management is not the responsibility of one unit or function alone, it is a shared duty grounded in leadership, ownership and engagement throughout MaSP.

The governance framework follows the **"Three Lines of Defence"** model and includes roles for **oversight, implementation** and **support**.

7.1 Governing Board of Directors

The Board holds ultimate accountability for risk management and is responsible for:

- Approving the Risk Management Policy and overall risk appetite;
- Promoting a culture of integrity, accountability and proactive risk awareness;

- ❖ Monitoring the implementation of this policy through reports from sub-committees and the Chief Executive Officer (CEO);
- ❖ Ensuring that MaSP's risk exposure is aligned with strategic objectives;
- ❖ Considering strategic and emerging risks during Board deliberations;
- ❖ Ensuring compliance with legal, ethical and regulatory frameworks.

7.2 Audit, Finance, Administration and Human Resources (AFAHR) Sub-committee

The AFAHR Sub-committee plays a central role in monitoring internal controls and reviewing audit and risk issues:

- ❖ Advises the Board of Directors on significant risks, emerging threats and mitigation strategies;
- ❖ Reviews the effectiveness of the internal control environment;
- ❖ Ensures timely implementation of internal and external audit recommendations;
- ❖ Oversees insurance coverage and risk mitigation policies, including those for property, data, staff travel and liabilities;
- ❖ Brings integrity-related matters to the Board of Directors;
- ❖ Ensures physical and operational risks at the Secretariat are assessed, e.g., building safety, fire safety equipment, signage, sanitation and boundary responsibilities with tenants.

7.3 Membership, Strategy and Resource Mobilisation (MSRM) Sub-committee

This Sub-committee supports risk assessment linked to programming, partnerships and growth:

- ❖ Reviews and updates the Strategic Risk Register quarterly;
- ❖ Recommends thresholds for risk in project proposals and partnerships;
- ❖ Ensures strategic alignment of funding, growth and risk appetite;
- ❖ Supports partnership and members risk analysis, including joint activities with Scotland-based organisations and visiting SG officials;
- ❖ Encourages adaptive risk planning, especially for cluster-led initiatives.

7.4 Chief Executive Officer (CEO)

The CEO is responsible for driving the implementation of Risk Management Policy organisation-wide:

- ❖ Leads the strategic integration of risk across planning and operations;
- ❖ Approves MaSP's Strategic Risk Register;
- ❖ Aligns risk processes with overall strategy and performance indicators;
- ❖ Champions risk culture across all departments;
- ❖ Guides decisions where risks exceed predefined appetite;
- ❖ Ensures safety procedures are followed for both staff and guests.

7.5 Regional Coordinators

Regional Coordinators are accountable for implementing risk frameworks locally:

- Maintain regional risk registers;
- Escalate risks exceeding regional authority to the Programme Manager;
- Approve risk appetite deviations within defined bounds;
- Ensure compliance with national and regional risk and safety regulations;
- Monitor risks during field visits, regional events and AGM participation by members and guests.

7.6 Cluster and Strand Leads

These roles are essential in operationalising risk management in their thematic or geographical domains:

- Identify programme-specific risks in partnership activities;
- Ensure localised risk registers reflect community and programme realities;
- Facilitate risk awareness among strand members and volunteers;
- Liaise with Secretariat on issues of resource centre risks, venue accessibility and local partner safety;
- Proactively manage reputational risks tied to programme delivery.

7.7 Project Managers

At the operational level, project managers are on the frontline of risk identification and treatment:

- Embed risk planning into proposals and work plans;
- Monitor risks through implementation and adjust mitigation measures;
- Maintain risk logs and escalate high-impact concerns;
- Train team members and partners in risk awareness and reporting.

7.8 Risk owners

Each identified risk in the Risk Register must have a designated owner who:

- Actively monitors and reviews the risk;
- Ensures mitigation measures are implemented;
- Escalates risks where treatment options are limited;
- Contributes to reporting for management review.

7.9 Risk management function

A designated function or focal point from AFAHR Sub-committee will coordinate organisation-wide implementation and learning:

- Facilitate risk workshops and register development;
- Monitor consistency in risk classification and treatment;
- Organise training and awareness sessions;

- ❖ Produce annual and quarterly reports for the AFAHR Sub-committee and Board of Directors;
- ❖ Keep the risk framework and tools up to date.

7.10 All staff and volunteers

Every MaSP staff member, intern and volunteer shares responsibility for risk management:

- ❖ Identify and report risks in their area of work;
- ❖ Adhere to relevant policies (e.g., travel, data protection, safeguarding);
- ❖ Participate in training and capacity development;
- ❖ Support a culture of transparency and continuous improvement.

8. RISK MANAGEMENT FRAMEWORK

MaSP's Risk Management Framework provides the structure and process for identifying, analysing, responding to, monitoring and communicating risk. It ensures risks are managed consistently across all levels and offices.

The framework draws from **ISO 31000** and sector best practices, while remaining adaptable to MaSP's unique operational realities and collaborative structure.

8.1 Core components of the Framework

1. Risk identification - What could affect our objectives?
2. Risk assessment - How likely and impactful is the risk?
3. Risk treatment - What actions can we take to reduce or leverage it?
4. Risk escalation - If unresolved locally, who decides?
5. Monitoring and reporting - How do we track and learn from risks?

Each MaSP office and department is required to maintain a local Risk Register aligned with this framework.

8.2 Strategic Risk Register

The Strategic Risk Register is maintained at Secretariat level and reviewed monthly by AFAHR, quarterly by MSRM and bi-annually by the Board of Directors. It captures:

- ❖ High-impact risks with cross-cutting relevance;
- ❖ Risks escalated from departments, projects or regions;
- ❖ Risk trends or emerging issues from member feedback or external audits.

8.3 Risk management in operations

Every new programme, partnership or major initiative must include a risk management plan, approved by the relevant manager and incorporated into the operational work plan. This includes setting:

- ❖ A risk appetite for the activity;
- ❖ Key risk thresholds;
- ❖ External reporting requirements (e.g., for donors or Scotland-based partners).

9. RISK ASSESSMENT AND IDENTIFICATION

Risk identification and assessment are foundational to effective risk management. All MaSP offices and teams are expected to systematically identify and evaluate risks that may impact the achievement of strategic, operational or programme objectives.

9.1 Objectives first

Risk management must begin with clarity about what MaSP is trying to achieve, whether through a strategic goal, operational plan, partnership initiative or event. Clearly defined objectives enable more precise risk assessment.

9.2 Risk identification

Risks should be identified collaboratively through:

- ❖ Risk workshops;
- ❖ Team meetings and planning sessions;
- ❖ Lessons learned from past initiatives;
- ❖ Evaluations and audit findings;
- ❖ Feedback from members and partners.

Any staff member may identify and suggest a risk for inclusion in the relevant risk register. Engagement across all levels, including strand leads, cluster coordinators and regional offices is encouraged.

9.3 Risk categories

MaSP categorises risks to ensure clarity and coverage. Risk categories include:

- ❖ Contextual (e.g., political instability, climate shocks)
- ❖ Fiduciary (e.g., fraud, misappropriation of funds)
- ❖ Operational (e.g., systems failure, staffing gaps, data protection, cyber security)
- ❖ Programme delivery (e.g., delays, poor partner performance)
- ❖ Reputational (e.g., negative publicity, stakeholder criticism)
- ❖ Safeguarding (e.g., sexual exploitation, abuse, harassment)
- ❖ Strategic (e.g., alignment issues, missed opportunities)

9.4 Risk assessment parameters

Each identified risk is assessed using two dimensions:

- **Likelihood** – the probability that the risk will occur;
- **Impact** – the extent of consequence should the risk materialise.

MaSP uses a **traffic light risk matrix** (see Appendix 1) to determine inherent risk, controls in place and residual risk. This supports prioritisation of actions and decision-making.

10. MANAGING RISKS

Managing risk involves selecting the appropriate course of action based on risk appetite and residual risk. MaSP applies the **5 T's of risk treatment**:

TREATMENT OPTION	DESCRIPTION
Terminate	Cease the activity or avoid the risk entirely.
Treat	Implement actions to reduce likelihood or impact.
Transfer	Share or transfer the risk to third parties (e.g., insurance, contractual clauses).
Tolerate	Accept the risk if within appetite and monitor closely.
Take More	Intentionally accept more risk where aligned with strategic opportunity and under appropriate controls.

All risk treatment plans should include:

- Clear mitigation actions;
- Responsible persons (risk owners);
- Deadlines and review cycles.

10.1 Special Considerations

- Member and Board Travel: Risks related to member participation in AGMs, regional meetings, or Scotland visits must be assessed, with particular attention to travel safety, accommodation suitability and medical support.
- Secretariat premises: The office must be assessed regularly for structural integrity, fire safety (e.g., extinguishers, assembly point), electrical hazards and security boundaries

with tenants. Roles of the Safety Focal Point and Facilities Officer must be defined and active.

11. MONITORING AND LEARNING

Monitoring and learning are essential for building an adaptive risk culture and improving future decision-making.

11.1 Monitoring

- ❖ Risk registers (project, departmental, strategic) must be updated regularly;
- ❖ Cluster/strand leads and Regional Coordinators review risks with teams quarterly;
- ❖ QUAD process (Quality, Assurance, Delivery) serves as a platform to review programme risks in real time thereby ensuring that potential threats to quality, accountability and service delivery are identified, assessed, mitigated and monitored systematically;
- ❖ Secretariat tracks risk mitigation progress through periodic dashboards or internal reports.

11.2 Learning

MaSP is committed to:

- ❖ Capturing lessons from both risks that materialised and those that were successfully mitigated;
- ❖ Sharing insights through team reflection, cross-strand learning forums and Board briefings;
- ❖ Using past risk trends to inform proposal design, strategic shifts or partner selection.

11.3 Reporting

- ❖ An Annual Risk Management Report is prepared by the risk management function and submitted to AFAHR and the Board.
- ❖ The report includes:
    - Implementation progress of the risk framework;
    - Emerging and common risk areas;
    - Recommendations for changes to the risk appetite;
    - Risk performance indicators and gaps.

11.4 Periodic review

The Board of Directors will conduct periodic reviews of MaSP's risk appetite and risk tolerance to ensure alignment with the organisation's objectives and environment.

In reviewing the effectiveness of the internal control system, the Board of Directors will:

- ❖ Evaluate MaSP's risk management performance over the previous year.

- ❖ Assess whether decisions made regarding risks have been value-enhancing and protective of the organisation's assets.
- ❖ Consider internal and external risk profiles anticipated for the upcoming year.
- ❖ Determine the likely effectiveness of current internal control arrangements.

During this review, the Board will also consider:

- ❖ MaSP's objectives and progress towards financial and non-financial targets.
- ❖ The organisation's strategic ambitions and advancements made.
- ❖ The management's approach to risk identification and mitigation.
- ❖ The appropriateness of the delegation of authority within the organisation.
- ❖ Transparency and adequacy of public reporting.
- ❖ Risk prioritisation processes.
- ❖ Timeliness in identifying and assessing emerging risks.
- ❖ MaSP's capacity to learn from challenges and apply lessons learned.

12. APPENDIX 1

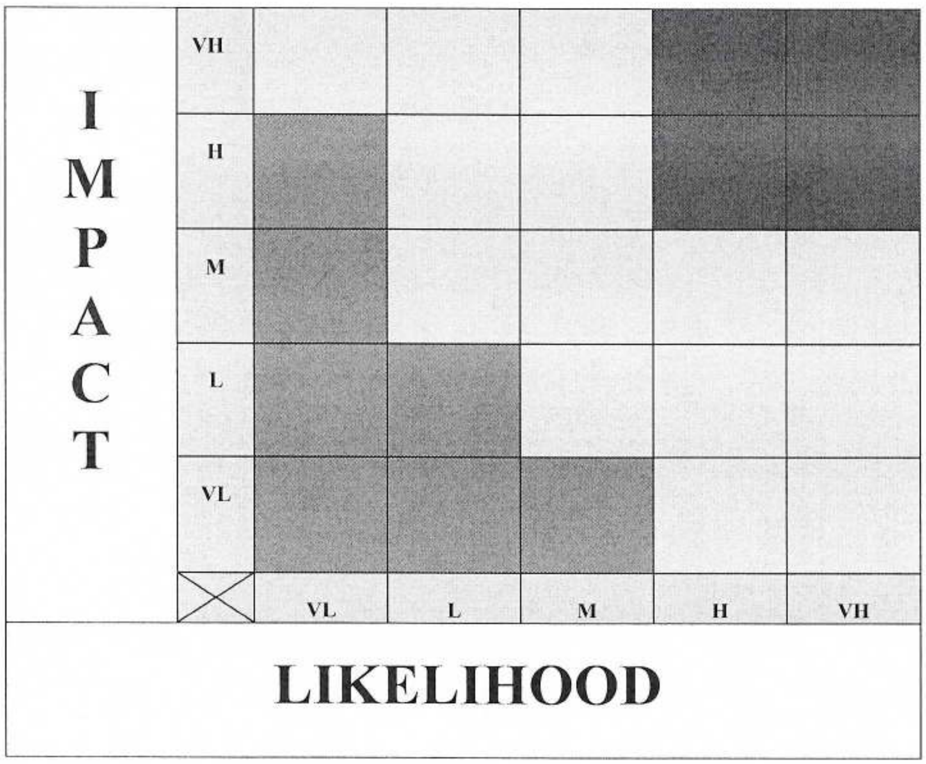
ASSESSING RISKS AND TRAFFIC LIGHT RISK MATRIX

1. Most relevant authorities on risk management advocate two main parameters for assessing risks. The parameters are:

- ❖ **Likelihood**, i.e. how likely is it to happen.
- ❖ **Impact,** i.e. how significant might the consequences be.

2. These almost always focus on risk mitigation and management of the possible/likely "downsides" rather than of the possible/likely "upsides" although the idea of focusing resources on the most risky can apply to risks to be embraced as well as to those to be managed/mitigated.

3. MaSP will use a traffic light system as illustrated below to assess risk.



Impact:

- ❖ Very low - no significant disruption, adverse publicity unlikely, litigation unlikely financial loss modest; funder/partner relations unaffected.
- ❖ Low - short term disruption; careful PR required; litigation unlikely; moderate financial loss; funder/partner relations unaffected.

- ❖ Moderate - short term disruption; reputational damage; litigation possible; significant financial loss; funder/partner relations may be affected.
- ❖ High - medium-term disruption; adverse publicity; probable litigation and difficult to defend; significant financial loss; funder/partner relations affected.
- ❖ Very high - sustained disruption; significant reputational damage; litigation highly likely and costly; significant financial loss; funder/partner relations seriously affected.

Likelihood:

- ❖ **VL** Very Low
- ❖ **L** Low
- ❖ **M** Moderate
- ❖ **H** High
- ❖ **VH** Very High

13. APPENDIX 2

Risk Reporting Form – Malawi Scotland Partnership (MaSP)

RISK ID	RISK DESCRIPTION	RISK CATEGORY	LIKELIHOOD (1–5)	IMPACT (1–5)	RISK RATING (L X I)	MITIGATION MEASURES	RESPONSIBLE PERSON/TEAM	STATUS	REVIEW DATE
SR001	Delay in project implementation due to staff turnover	Operational	3	4	12	Ensure succession planning and staff retention strategy	HR Manager / Project Lead	Active	01/08/2025

Guidance on key columns:

- **Risk ID**: Assign a unique code (e.g., SR001, CR002, NR001).
- **Risk description**: Briefly describe the risk.
- **Risk category**: Examples: financial, operational, strategic, compliance, environmental, reputational.
- **Likelihood and impact**: Rate on a scale of 1 (Low) to 5 (High).
- **Risk rating**: Multiply Likelihood × Impact (e.g., $3 \times 4 = 12$).
- **Mitigation Measures**: Actions to reduce likelihood or impact.
- **Responsible person/team**: Who will manage the risk.
- **Status**: E.g., active, monitoring, resolved, in progress.
- **Review Date**: Next scheduled review or update.

Compiled by:…………………….………………… **Signed**………………………………………… **Date**……………………………………

Master Risk Register – Malawi Scotland Partnership (MaSP)

RISK DESCRIPTION	ROOT CAUSE	RISK CATEGORY	AFFECTED AREA	RISK RATING	RISK LEVEL	EXISTING CONTROLS	ADDITIONAL MITIGATION ACTIONS	RESPONSIBLE PERSON / TEAM	STATUS	TARGET RESOLUTION DATE	LAST REVIEW DATE
Delay in project implementation	High staff turnover	Operational	Programme Delivery	12	Medium	Team-based planning, flexible timelines	Improve staff retention policy, train backups	HR Manager / Project Lead	Active	01/09/2025	20/7/2025

Risk Level Guide:

- **1–5**: Low Risk – Monitor
- **6–10**: Medium Risk – Manage and Mitigate
- **11–15**: High Risk – Action Required
- **16–25**: Critical Risk – Immediate Attention Needed

Reviewed by:………………………..………………. **Signed**……………………………………………… **Date**……………………………………