Risk Catalogue*

**This is a catalogue of the most common risks that can occur within a project or programme, and was developed for ADA staff as guidance and practical resource for project risk assessment.*

Applicants are also free to use this catalogue, consider the different risk categories and think through possible scenarios in order to systematically identify prevailing risks. However, ADA does not require applicants to document risks with the type/area and code according to this catalogue (which are purely used for internal purposes).

Type/Area and Code			Standard risk	Explanation	Examples
EXTERNAL RISKS					
Legal framework	**ER**	**01**	**Restrictive legislation impedes project**	Legislation in project-relevant areas, including labor law, environmental legislation, etc.	e.g. New legislation in the partner country restricts activity, rendering impossible planned activities, requiring adjustment of project logframe.
Political framework / uncertainties	**ER**	**02**	**Changes in political situation impede project**	Political situation pertains to everything from the overall political climate, composition of government (administration) to project critical personnel in line ministry or national authority.	e.g. Change in political leadership / departure of key personnel in line Ministry lead to shifting priorities or loss of institutional memory and inability to implement project as planned.
	ER	**03**	**Violence threatens staff or project**	Instable security situation poses risk to personal health, safety and security of staff working on the project, or to project infrastructure.	e.g. Violent incidents make it unsafe (or impossible) for staff to travel for the project; e.g. Vandalism of offices disrupt project.
Environment	**ER**	**04**	**Natural events threaten staff or project**	Natural events pose a physical threat to project staff or assets, the ability to undertake project activities or to the effectiveness of those activities.	e.g. Risk of flood in or near the project location poses a threat to project assets and to freedom of movement for project staff and beneficiaries.

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Economic conditions	**ER**	**05**	**Economic and developmental situation in-country impedes project**	Economic situation refers to the overall economic stability in terms of prices, currency, employment etc., and developmental situation refers to the populations livelihoods and income stability, employment etc.	e.g. Sudden economic downturn in the project location due to collapse in global commodity prices for major crops in the area lead to significant drop of income, which forces participants in training programme to drop out and pursue income-generating activities instead, in order to support their families.
Infrastructure in project-country	**ER**	**06**	**Inadequate country infrastructure impedes project**	Country Infrastructure includes the project country's internet / communication services, water or electricity supply, transport, health infrastructure, etc.	e.g. Failure of local internet or communication infrastructure leads to delays in project implementation or to unforeseen costs for additional travel.
Social / cultural norms	**ER**	**07**	**Cultural conflicts impede project**	Misunderstandings or behaviour due to language, social or religious norms lead to problems in implementing project as planned.	e.g. Stakeholders deny active participation in project decision-making due to misalignment of project objectives with cultural norms.
PROJECT RISKS					
Result orientation	**PR**	**08**	**Lengthy negotiations between multiple stakeholders impede project progress**	Lengthy negotiations impede activity planning, approval and / or implementation.	e.g. Due to mistrust, different groups of stakeholders refuse to take part in steering group meetings, which paralysis project decision making.
Partner country orientation / ownership	**PR**	**09**	**Lack of stakeholder ownership weakens results and sustainability**	Ownership / commitment from stakeholders is a key development effectiveness principle, necessary for sustainability of project results.	e.g. Lack of active participation and follow-up by partner country institution weakens effectiveness and sustainability.
	PR	**10**	**Failure of donor coordination reduces effectiveness**	In multi-donor initiatives, good coordination is required to ensure alignment of objectives and interventions, and coherence of processes / standards / requirements.	e.g. Different donors insist on divergent monitoring and reporting requirements, which binds existing resources and leads to overly high transaction costs.

Transparency / accountability	**PR**	**11**	**Political influence on grant and contract awards**	Exertion or appearance of political influence on project-related decisions could lead to reputational damage to the project.	e.g. Partner country official suggests use of a certain vendor for project procurement.
Project personnel	**PR**	**12**	**Difficulty to recruit and retain qualified project staff**	Difficulty to secure, for whatever reason, the staff required for high-quality project delivery: e.g. lack of availability of qualified labor at the job location; or lack of competitiveness of project positions advertised.	e.g. Inability to find qualified staff in time could delay implementation, or in the case of sub-standard recruitment, impair the quality of delivery.
	PR	**13**	**Loss of critical knowledge**	Knowledge and information that are essential for the project to operate without impediment. Can lead to project delay or loss in quality.	e.g. Failure to secure comprehensive documentation and transfer of knowledge prior to staff departure.
IT	**PR**	**14**	**Failure to secure adequate and compatible IT systems, equipment & IT support**	Inadequate project IT infrastructure and support negatively impact on quality of project delivery.	e.g. Risk, that new IT-products and -systems cannot be integrated into the existing IT environment, more specifically that incompatible IT-systems are not interlinked resulting in wrong data, system failure, manual effort, additional costs, etc.
	PR	**15**	**Technology failure prohibits / impedes operation**	Failure of critical technology impedes ability to implement project as planned or monitor progress.	e.g. IT system breakdown.
ENVIRONMENTAL, GENDER, SOCIAL RISKS					
Environmental, gender and social standards	**EGS**	**16**	**Project negatively impacts the environment**	In any case where environmental risks seem relevant, they can be noted here.	

	EGS	17	**Project negatively impacts gender equality**	Project exacerbates gender inequality and/or undermines empowerment of women and girls. e.g. Gender Risk as assessed in the EGSIA.	
	EGS	18	**Project negatively impacts society, people or human rights**	Project causes harm to people or infringement of human rights	
IMPLEMENTING ORGANIZATION RISKS					
Implementing organisation	OR	19	**Insufficient technical capacity impedes results delivery and/or results reporting**	*Partner due diligence checks conducted before project approval provide information on potential risks in this area.*	
	OR	20	**Partner organisation's failure to contribute co-financing as planned, incl. due to insolvency**	*Partner due diligence checks conducted before project approval provide information on potential risks in this area.*	
	OR	21	**Fiduciary risk**	Fiduciary risk = the risk that funds are not used for the intended purpose, do not achieve value for money, or are not properly accounted for. This can be caused by lack of institutional capacity, among other reasons. *Partner due diligence checks conducted before project approval provide information on potential risks in this area.*	e.g. Funds are not used as planned due to lack of capacity, competency or knowledge; bureaucratic inefficiency; and/or active corruption.

	OR	**22**	**Breach of law or contract**	Failure of contractors/ partners to comply with applicable law or contractual obligations. Includes breaches of labor law, criminal law, data protection law, child labour legislation, UN/EU Sanctions.	e.g. Implementing organisation violates occupational health and safety legislation, causing an accident at a project site.
	OR	**23**	**Lack of institutional capacity to comply with environmental, gender, social standards**	Refers to the lack of institutional capacity / controls to ensure compliance with environmental, gender and social standards during regular (business) operations (i.e. outside of the project scope).	e.g. Implementing organisation is engaged in violations of environmental standards leading to a negative sentiment among local communities, who refuse to cooperate with the project, hampering project implementation and causing potential reputational damage for all parties.
	OR	**24**	**Failure to provide reliable data for accountability**	Implementing organisation does not collect data as required for OECD/DAC reporting; baseline and monitoring data; or provide valid and reliable evaluation results.	e.g. While data is being collected, it turns out at the end of the project, that the data was not relevant or insufficient for demonstrating project outcome.
	OR	**25**	**Capacity constraints impede project delivery**	Implementing organisation is unable to effectively undertake any of the essential responsibilities in project management, quality assurance / risk management.	e.g. Due to unexpected personnel departure / shortage of technical expertise/ unexpected need for additional capacity for trouble-shooting, etc.
INSTITUTIONAL RISKS					
Result orientation	**IR**	**26**	**Failure to achieve one or more key outputs or intended outcomes of the project**	A ‘high’ risk in this area would not be acceptable at stage of project approval. A risk that could, however, become apparent during project implementation either due to changed circumstances or flaws in the project design.	e.g. Risk of not achieving a key objective because assumptions underlying the theory of change did not hold true or the project was not managed effectively, leading to major project disruption.

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Institutional integrity	**IR**	**27**	**Reputational damage**	Can result as a secondary effect, when other risks from this catalogue materialize; also, includes public controversy about the nature of project activities, or criticism by external control institutions, such as Austrian Court of Auditors (Rechnungshof), EU Monitoring Missions, European Anti-Fraud Office, etc.	e.g. Negative media coverage
Legal / compliance	**IR**	**28**	**Claims, charges, penalties or fines**	Due to breach of law or contract. Includes breaches of national law in the project country where applicable, or Austrian law, including labor law, criminal law, data protection law, land law, environmental law.	e.g. Corruption, fraud, theft, money-laundering, child labour, misuse of grant funds, breach of reporting obligations, lack of licenses, sexual harassment and abuse, among others.
	IR	**29**	**Vendor or service provider fails to deliver**	Failure to deliver on contractual obligations for a variety of possible reasons, including incapacity, legal dispute, etc.	e.g. Service provider contests terms of existing contract and refuses to deliver.
Finance / accounting	**IR**	**30**	**Delays in outflow of funds**	Includes delays in payments to vendors and suppliers as well as delays in release of grants.	e.g. Delay in payments due to over-budgeting/ slow project delivery/unexpected political or other developments, impeding project delivery.
	IR	**31**	**Inability to re-claim funds from grant recipients**	Funds released to grant recipients cannot be recovered in case of non-compliance with the terms and conditions of the funding agreement (non-delivery of project results, etc.)	e.g. Expenditures by partner organisation not according to funding agreement cannot be reclaimed due to insolvency.
	IR	**32**	**3rd-party funded projects: Ineligible costs**	Project expenditure not recognized by auditors / funders due to non-compliance with donor’s cost eligibility rule.	e.g. EU rejects to cover the costs for a trip undertaken by project staff, because the EU does not consider the trip to be directly related to the project and necessary for its implementation.

	IR	**33**	**3rd-party funded projects: Financial loss due to exchange rate fluctuation**	Financial loss due to exchange rate fluctuations occurring between project design and implementation.	
	IR	**34**	**3rd-party funded projects: Cash-flow shortfall**	Timing mismatch between cash inflows and cash outflows.	e.g. Inability to meet payment deadlines, when payments to contractors are already due while payments from EU have not yet been received.
	IR	**35**	**3rd-party funded projects: Funding shortfall**	Risk that contributions by others fail to arrive, or the project required more funds than budgeted for in order to achieve its objectives.	e.g. Pledged funding contribution by co-funder not provided; programme/ project's resource requirements higher than anticipated.
Personnel	**IR**	**36**	**Risks for health and/or safety of staff**	Health and/or safety concerns restrict ability to carry out work as planned; risk to staff due to unhealthy / unsafe building / office environment.	e.g. Staff cannot visit project site due to safety concerns, leading to inability to monitor implementation.
IT	**IR**	**37**	**IT security breach**	Misappropriation of internal data or information by a third party through IT means.	e.g. Systems security breach, hacking, phishing, cybercrime, virus attacks, etc.