



STRATEGY COMMITTEE (SC)

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DISASTER RISK MANAGEMENT (DRM) WORKING GROUP 2022-2025

3RD JUNE 2022 (VIRTUAL)

RISK MATRIX FOR THE AFRICAN POST

Subject PAPU Risk Matrix	References/Paragraph Strategy Committee (SC) Meeting Report, held from 15 th to 17 th March 2022
Decision expected <ul style="list-style-type: none">• Note the document;• Make observations/comments on the list of identified risks;• Adopt them for the development of the Risk Matrix to be integrated into the Disaster Risk Management Framework.	

1.0 INTRODUCTION

Risks are observed in all aspects of the business as any new development or activity comes with risks. Risks are now widespread and are found in every sector and in today's world, including in the postal sector.

All risks can pose a significant threat to the operating environment and have a more significant impact on a company's bottom line, including that of a Designated Postal Operator. For example, the COVID-19 pandemic posed a magnanimous external risk that pushed postal operators to the point of developing a risk assessment plan in response to the pandemic.

Risks can never be eliminated completely. However, the best prevention method is to manage risks by first defining or identifying the risk and then assessing it.

Once it has been assessed , a risk assessment matrix is used to analyze it. This gives the assessor a solid understanding of their risk environment and how they can proceed to manage it before it even occurs. An effective risk management approach helps to save time, resources and money.

2.0 RISK ASSESSMENT

Risk assessment is the general process or method of identifying risk factors and hazards that can possibly cause harm especially to people and the business.

. At the point where risk has been identified, it is analyzed through a process known as risk analysis before being evaluated in order to provide insight into its severity and what measures need to be put in place to combat or mitigate against it.

Risk assessment has the following benefits and more:

- It creates awareness about potential risks and hazards.
- It helps in identifying who may be at risk, and in what number. For example, it could be demography, a particular occupation such as cleaners, contractors, or the people across the globe as in the case of the coronavirus.
- It determines whether an identified hazard requires a control program or not.
- It determines whether an existing control measure is sufficient to eliminate the risk or if more measures should be put in place.
- When risk assessment is done at the design stage, it can prevent some illnesses or injuries. For example, polio immunization is administered to children in infancy.
- It also makes risk and hazards control measures a priority.

3.0 RISK MATRIX

A risk assessment matrix is a tool that shows the possible risks affecting a business.

The risk matrix is based on two intersecting factors: the likelihood that the risk event will occur, and the potential impact that the risk event will have on the business. A risk matrix helps to visualize the possibility vs. the severity of the potential risk.

Depending on the likelihood of the risk and severity, risks can be categorized as either high, low, or moderate. In the following risk diagram, risks are segregated based on their likelihood and their impacts on the level of damage, so that worst-case scenarios can be detected at a glance.

The matrix also has two axis: one axe measures likelihood, and the other axis measures effect as below:

		Impact or Severity				
		<i>Insignificant</i>	<i>Minor</i>	<i>Moderate</i>	<i>Major</i>	<i>Catastrophic</i>
Probability or Likelihood	<i>Very Likely</i>	Low-Medium	Medium	Medium-High	High	High
	<i>Likely</i>	Low-Medium	Low-Medium	Medium	Medium-High	High
	<i>Possible</i>	Low	Low-Medium	Medium	Medium-High	Medium-High
	<i>Unlikely</i>	Low	Low-Medium	Low-Medium	Medium	Medium-High
	<i>Very Unlikely</i>	Low	Low	Low-Medium	Medium	Medium

The risk assessment matrix is applied by presenting different risks as a chart, color-coded by the level of severity. This is represented by the colors red, yellow, and green. The red color symbolizes the high risks; the color yellow represents the moderate risks, while the green color signifies the low risks.

4.0 RISK FACTORS IN THE POST

Postal Operations may be affected by natural disasters and other occurrences that may affect post office buildings, employees, resources like vehicles and products and services.

A. NATURAL DISASTERS

- Hydro-meteorological events

- Hurricanes, cyclones and typhoons - violent cyclonic system that forms in the tropics
- Flooding - Flooding is the overflow of water onto land that is normally dry. It can happen during heavy rains, when sea levels are excessively high, when snow melts too quickly for the rivers to move the resulting volumes of water within their normal water course, or when dams or levees break
- Tropical storms - similar to typhoons but not as intense
- Tornadoes- a mobile destructive vortex of violently rotating winds
- Earthquakes – it's a sudden and violent shaking of the ground as a result of movements within the earth's crust and tectonic plates or volcanic action
- Wildfires – an uncontrolled and destructive fire that burns in the bush or forest or rural areas
- Tsunamis – this is a Japanese word meaning 'harbour wave'
- Winter storms -are storms that can last for several days and be accompanied by high winds, freezing rain or sleet, heavy snowfall and cold temperatures.
- Volcanic eruptions - spew hot and dangerous gases, ash, lava and rock, with devastatingly destructive consequences and potentially high fatality
- Influenza pandemics - An influenza pandemic is a global outbreak of a new influenza A virus. A pandemic is a disease epidemic that has spread across a large region, for instance, multiple continents or worldwide

B. CORPORATE RISKS

- Macroeconomic factors such as inflation impacting on fuel prices, changes in interest rates and foreign currency exchange rates etc;
- Uncertain market conditions caused by e.g. changes in consumer tastes;
- Policy and legislative changes;
- Regulatory framework changes;
- Technology - level of digitalization;
- Exposure to biohazardous materials e.g., anthrax and other dangerous goods e.g., bombs etc;
- Global climate change- adverse weather conditions or natural disasters, such as hurricanes, floods, cyclones which can damage property and disrupt operations;
- Pandemics such as COVID-19;
- International conflicts, wars or terrorist activities;
- Loss of life (Management and staff as well as close relatives) etc.
- Bankruptcy/Insolvency Risk – Material financial uncertainty casting doubt on company's going concern status
- Liquidity Risk – not generating enough revenue to fund working capital or to meet company financial obligations
- Poor Debt Management Risk - Continuous debt accumulation due to weak internal controls and financial indiscipline
- Inappropriate Business Model Risk - Engaging in unrelated business lines leading to loss of business growth and profitability
- Market Risk - Losing value due to other factors in the market resulting in loss in market share

- Compliance Risk – Financial loss arising from penalties for failing to follow policies, procedures, regulations, contractual obligations and laws
- ICT System - revenue loss arising from downtime caused by IT system failure and business interruption
- Data Security System Failure Risk - Data security breaches and hacking which is an inherent risk on cloud-based storage facilities, failure to protect the privacy of customer information
- Projects Failure Risk – Caused by lack of finance, support from stakeholders or poor project management skills
- Security - Risk of fraud/ theft/ burglary at post offices, Cash-In-Transit heists or fire/accident if the cash is not secured
- Technology – Use of antiquated technology which lags due to technological advancements
- People and Culture - Risk of having a wrong caliber of employees, culture and occupational health and safety issues.
- Adverse reputation for quality and reliability

5.0 DECISION

The Working Group is called upon to:

- Note the document;
- Make observations/comments on the list of identified risks;
- Adopt them for the development of the Risk Matrix to be integrated into the Disaster Risk Management Framework.