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Risk management

The why, what and how to

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Investing in Opportunities

Why projects fail?

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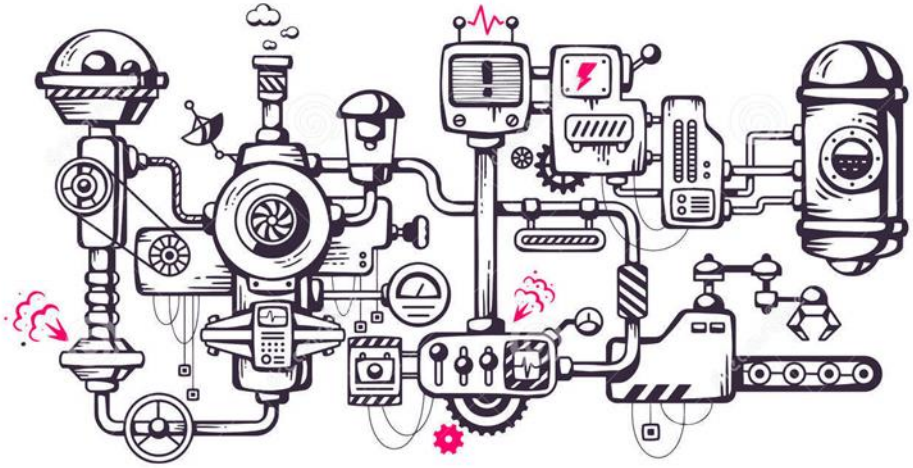
Lack of:
- Clarity
- Depth

Planning:
- All included?
- Sequence
- Timing

Requirements:
- Operational
- Technical
- Target group/ end-user needs

Resources available:
- Human
- Financial



Why risk management important?
Project = Process

- Address the intervention logic links - interdependencies
- Focus on the failure factors/bottlenecks – troubleshoot your project pro-actively

Risk management = compilation of:

- Risk factors
- Consequences/severity versus likelihood
- Relevant planning
- Implementation of the plan

... to support decision-making processes

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Usual suspects:

- Key thematic aspects
- Partnership issues
- Investments / pilots
- Financial problems

1. Thematic risks

Intervention logic

- Objective and result
- Output delivery = indicator contributions
- Involvement of the target group / end-users

... elements helping you achieve results

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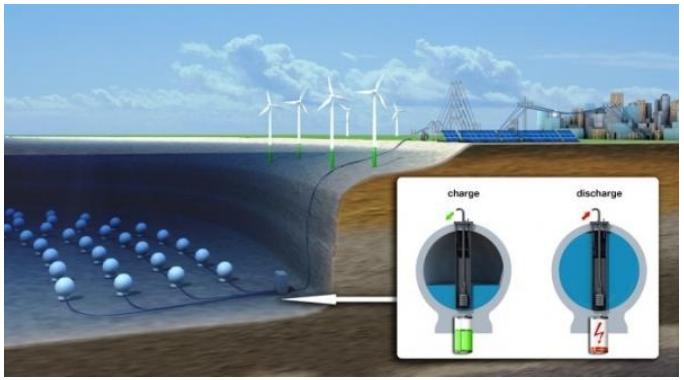
Thematic risks – offshore technology demonstration

- Lack of involvement of technology developers
- Outputs: Sufficient number of enterprises supported and low carbon technologies applied?
- Result achievable? To full extent?



Thematic risks – examples valid for you:

- SME support:
  - Critical mass secured (activities & comm)
  - The right level of support provided?
  - Incubation support more meaningful than general support
  - Support initiatives put in place

- Innovation eco-system creation:
  - Involvement of industry is key

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2. Partnership

- Co-operation dynamics – joint implementation?

- Partner underperformance – input varies!
  - Deliverables, investments or outputs
  - All partners aware of the implications of their underperformance?
  - Full partner transparency required

- Private partners
  - ERDF paid retrospectively => cashflow secured?
  - IPR aligned with the Programme rules? Secured in PA?

3. Investments

Detailed planning key

- Preparation (feasibility study, permits, RoI)
- Implementation (realistic delivery schedule, delays)
- Modifications – ownership, relocation, change in investment nature

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Investments = Test centres

- Testing sites sufficient? All scenarios covered? Extra seabed secured?
- Health and Safety addressed? (operation security)
- Procurement successful? What if unsuccessful?
- Any permits or consent papers for the technologies to operate?

Investment risks – examples valid for you:

- Testing facilities:
  - Suitable (technically) to meet the SME demand?

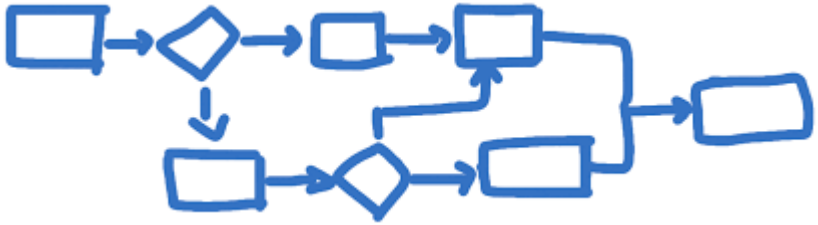
- Demonstration sites:
  - For biomass projects - the right and enough biomass? Seasonality of biomass an issue
  - Value chain creation troubleshot?
  - Biomass from a former landfill: contaminant linkages considered? Health and safety…

4. Financial risks

- Match-funding issues
- Partner's insolvency
  – transparency and record keeping necessary
- Progress reports not submitted regularly and on time

The how-to: is everything clear in my project?

- Timeline
- Interdependencies
- Sequence of the activities
- Any bottlenecks? Hiccups on the way?
- Is the mitigation working, if not – what do we do?



Risk log – an obligatory tool

- Start with 3 risks from AF
- Complete it with other risks
- Probability vs. magnitude of consequences
- Ways to mitigate them to be included
- Submission with progress report no. 1
- NWE template provided (or use equivalent)
- Update it – we will not check updates though

<u>DON'T: provide only low probability/impact risks</u>

Q&A

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Feel free to ask!