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Guiding Risk-Informed Implementation

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Scope of Presentation

- Forum findings and reflections
- Project Implementation Handbook
 - content
- Other support

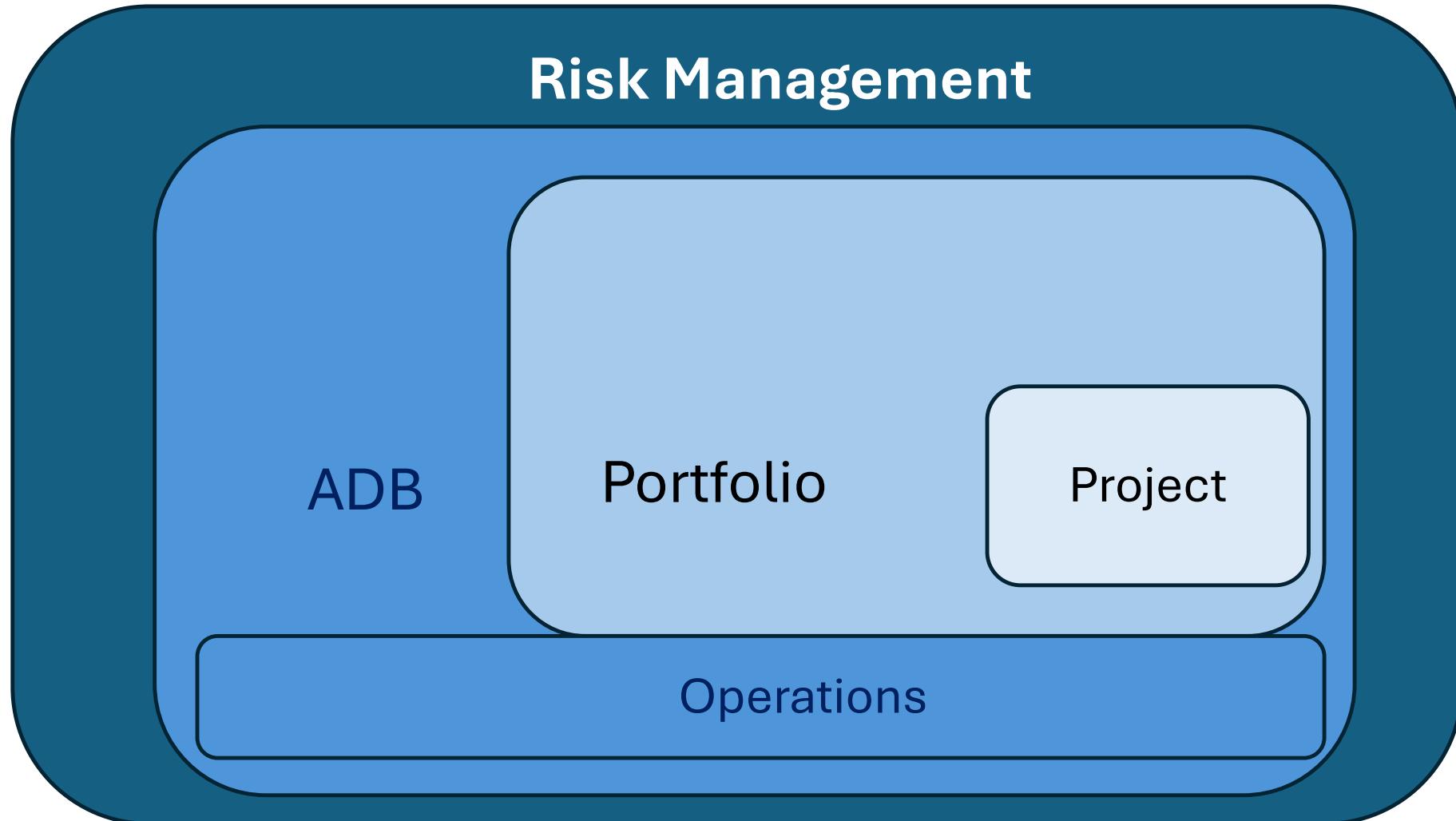


Why is Project Risk Management Crucial?

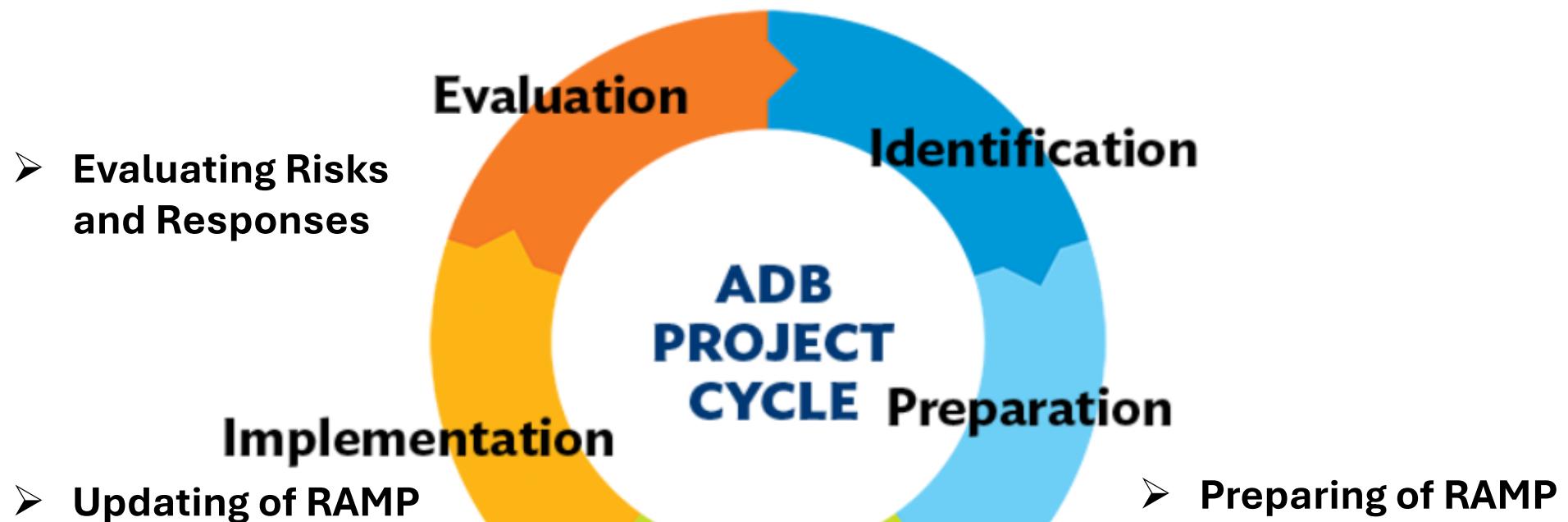
- Increases project success rates; prevents project failures
- Enhances decision-making; improves resource allocation
- Boosts stakeholder confidence
- Ensures compliance and protects reputation
- Fosters continuous improvement



Project Risk Management and its Context



Overview: Risk Management over ADB Project Cycle



RAMP - Risk Assessment and Risk Management Plan



Risk Management Cycle

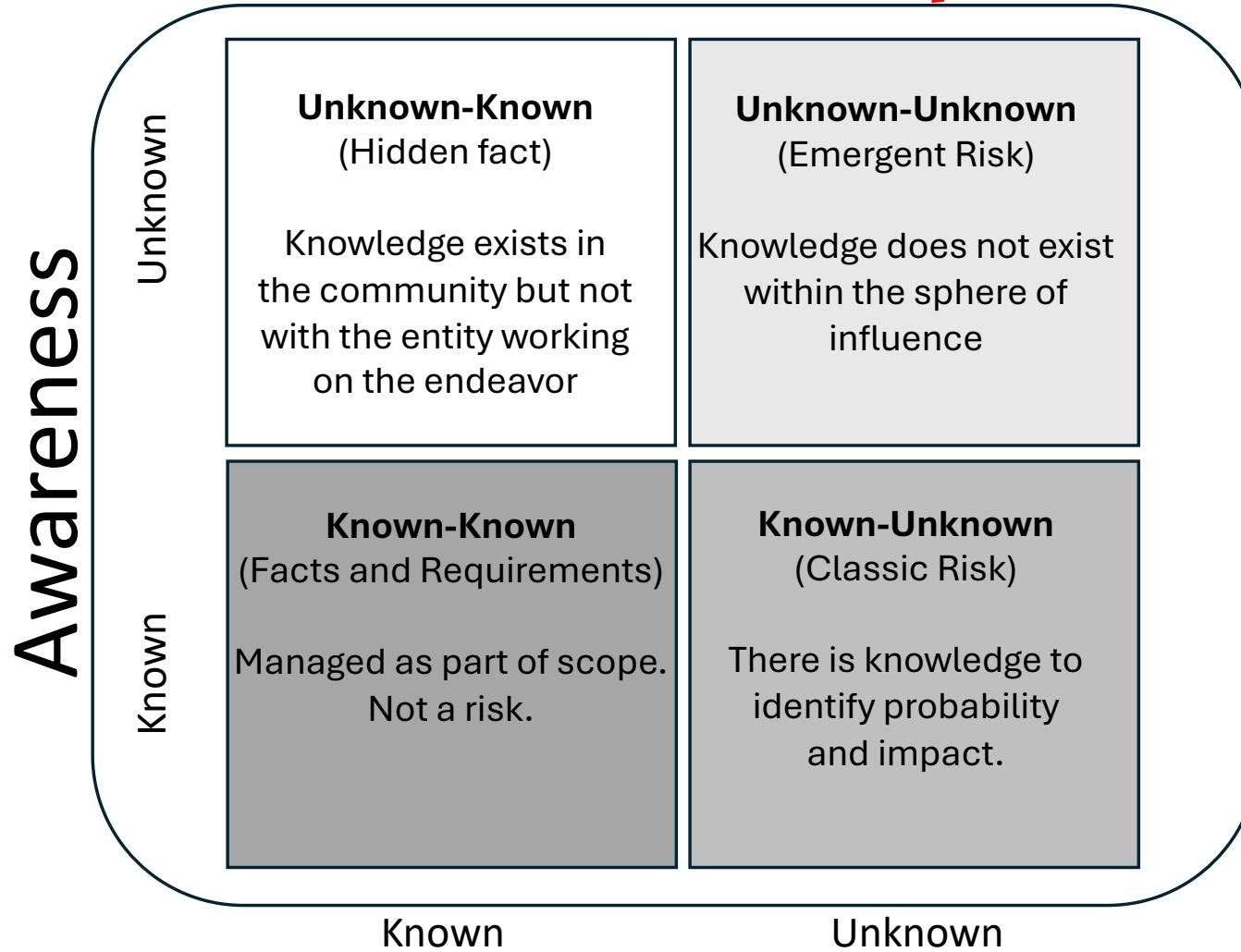


Risk Response Strategies:

- Avoid
- Mitigate
- Transfer
- Accept



Risk versus Facts and Requirements



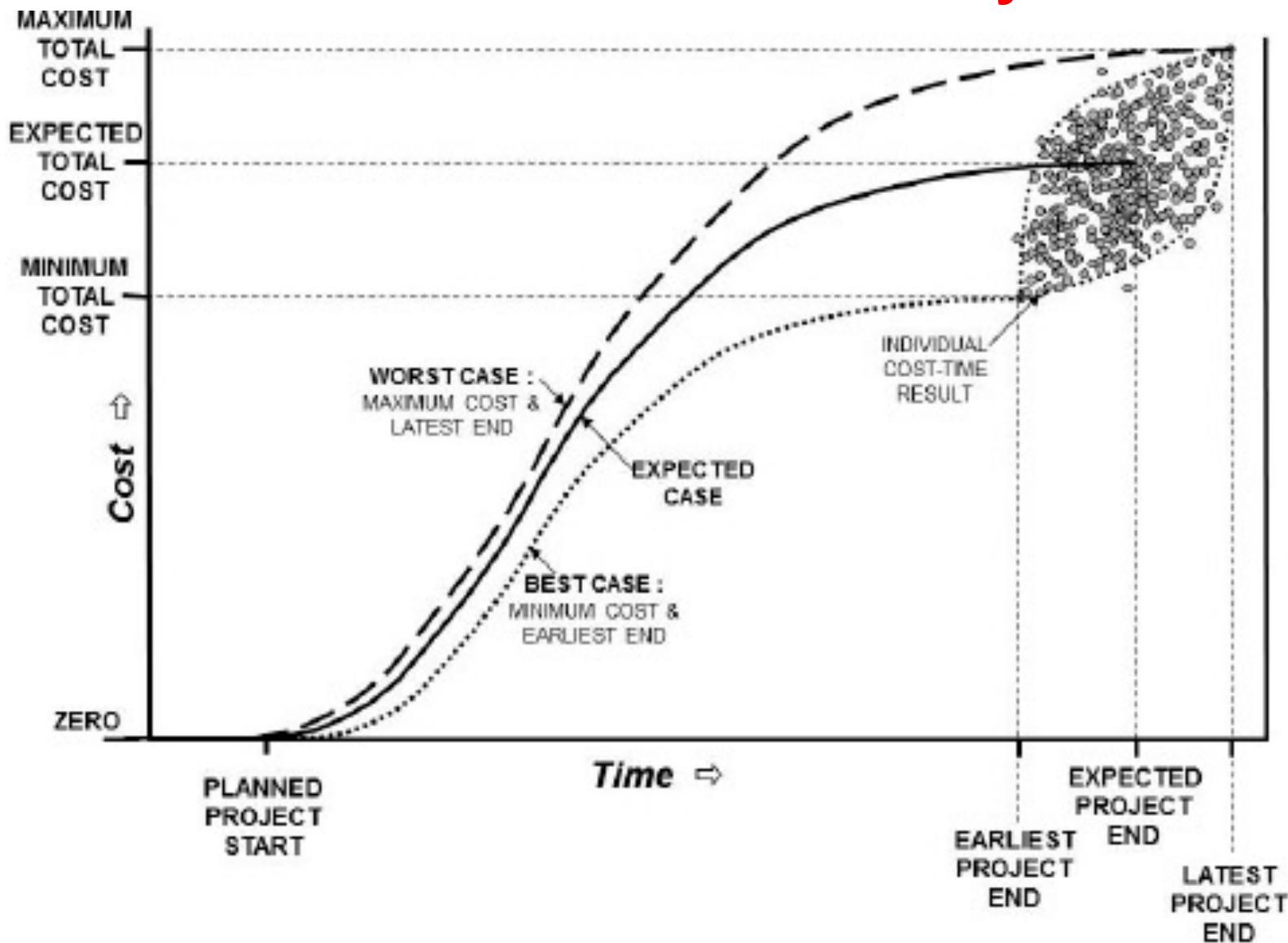
Knowledge

A new or unforeseen risk not yet contemplated

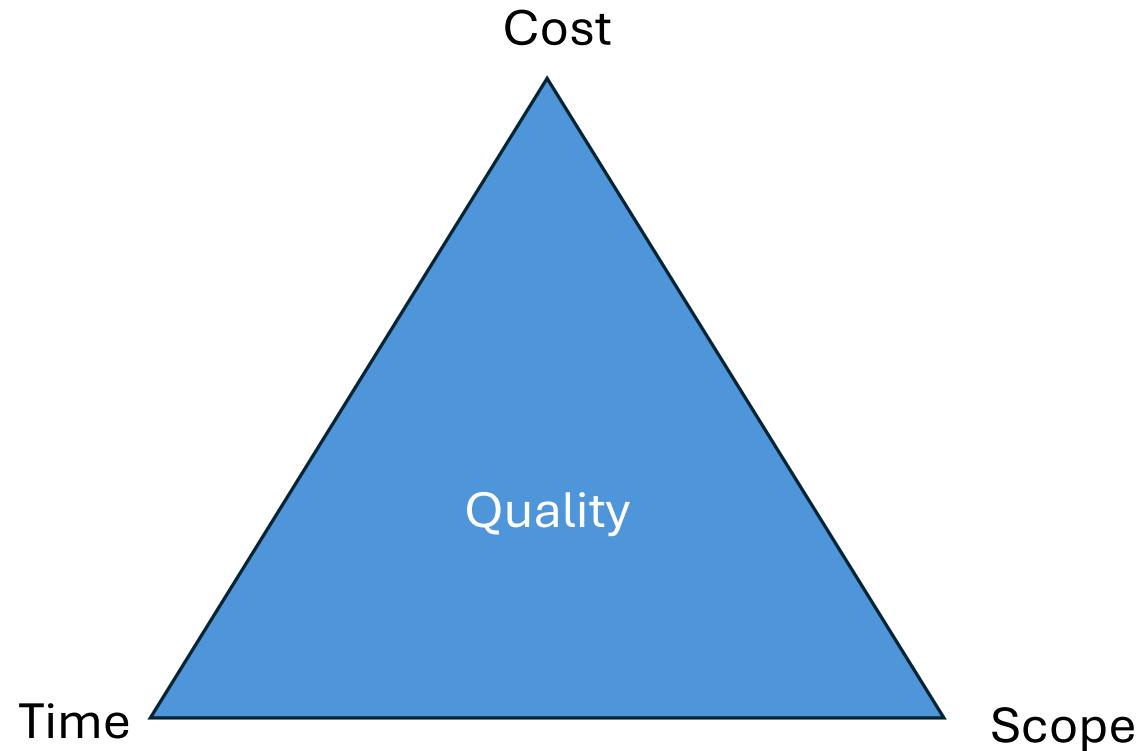
Classic risk



What Happens to ADB-financed Projects? Time versus Project Cost



Classic Project Management Challenge: Manage Time, Cost and Scope



“Project Management Triangle”



Project Risk Management by MDBs

- All MDBs apply risk management in their operations
- Project risks are identified and analyzed; responses are planned and implemented and followed up
- Project risks are closely monitored
- World Bank:
 - Assigns an overall risk rating per project and for 9 pre-defined risk categories
 - Risks are reviewed/updated during project reviews
 - Risk status publicly disclosed



Useful Project Risk Management Tools

- Project Design Checklist
- Longlist of Project Risks (external/internal, country/sector, ...) and Mitigation Measures
- Use of AI (Chat GPT and others)
- Project Administration Manual (PAM) to include RAMP
(mandatory, tailored to the project and its context)
- Project Risk Register, the basis for RAMP



Useful Project Risk Management Tools (continued)

- Project Management Support Software
 - Excel, MS Projects or other publicly available software
- Tracking Tools
 - PMO staffing; procurement packages; FM Action Plan;
 - safeguards impl.; gender action plan; covenants;....
- Communication Plan
 - briefing materials; Q&A
 - tailored, pre-prepared messaging



A Good Project Design Paves the Way for Managing Risks

- Project design complexity vs. institutional capacity and support
- Ensure sufficient design flexibility; and include contingencies
- Institutional readiness: early establishment of PMO and staffing
- High project readiness reduces risks related to start up delays
- Solid thematic assessments and impl. planning



"ROBUST PROJECT DESIGN"



Managing Risks during Implementation

- Strong project management; ensure core staffing of PMO or its equivalent
- Manage key stakeholders, both upstream as well as downstream
- Utilize a communication plan; tailor briefing materials and messages
- Ensure training, support and handholding, especially in key thematic areas
- Update RAMP (cloud-based) following project reviews
- Task consultants to develop and maintain a project risk register, as basis for RAMP



"PROACTIVENESS"



How to Manage Risks Effectively?

- Foster open communication about potential risks
- Regular risk review meetings; risk updates (RAMP)
- Clear escalation procedures
- Documentation of lessons learned
- Flexible response strategies



PROJECT IMPLEMENTATION HANDBOOK

- The purpose of the handbook is to provide an interactive and searchable guidance for design, implementation, completion, and post-completion of projects
- Serve as a practical reference for EAs/IAs, project team leaders, and One ADB team members
- Provide best practices and know-how for all phases of the project cycle to minimize risks and complete projects successfully
- The handbook will not provide ADB's legal requirements and guidelines



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HOW TO USE THE HANDBOOK

Identify the risk using the handbook

- **Classify the risk¹** (governance, technical, economic, financial management, etc.)
- **Categorize the risk²** (based on likelihood to occur, and seriousness of impact if it occurs)
- **Search for the risk in the handbook**
- **Review possible risk statements**

Develop mitigation measures

- **Refer to best practices from the handbook**
- **Define specific actions to reduce risk exposure**
- **Include timelines, resources, and performance indicators**
- **Establish a risk monitoring system**

Integrate into project planning and design

- **Draft the RAMP based on identified risks and mitigation measures using the handbook**
- **Incorporate the RAMP in the PAM**
- **Update the RAMP and PAM regularly** (revisit at least once a year during review missions)
- **Refer to the handbook, as necessary, at various stages of implementation up to completion**

¹ [RAMP template](#)

² 2023. [Revised Staff Guidance for Implementing the Second Governance and Anticorruption Action Plan \(GACAP II\)](#)



Q&A

Discussion

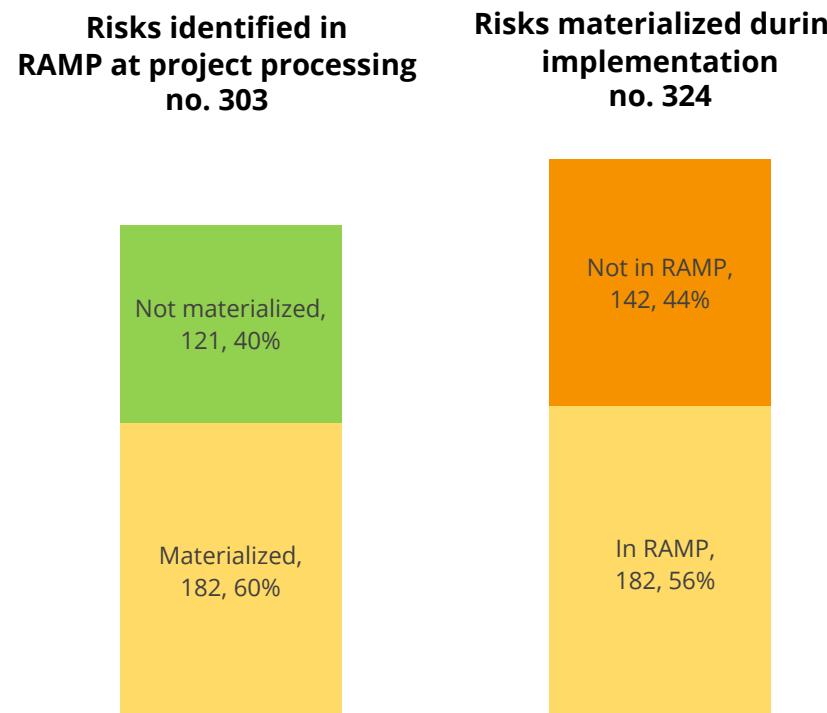


Supplementary Slides



Risk Management Study —RAMP Underutilized and Not Updated

1. 40% of the risks identified in the RAMP did not materialize
2. 44% of the risks materialized during implementation were not in the RAMP



RAMP = risk assessment and risk management plan.

3. Governance posed the highest risk (56%) during implementation^a
4. However, 38% of governance risks were overlooked in the RAMP

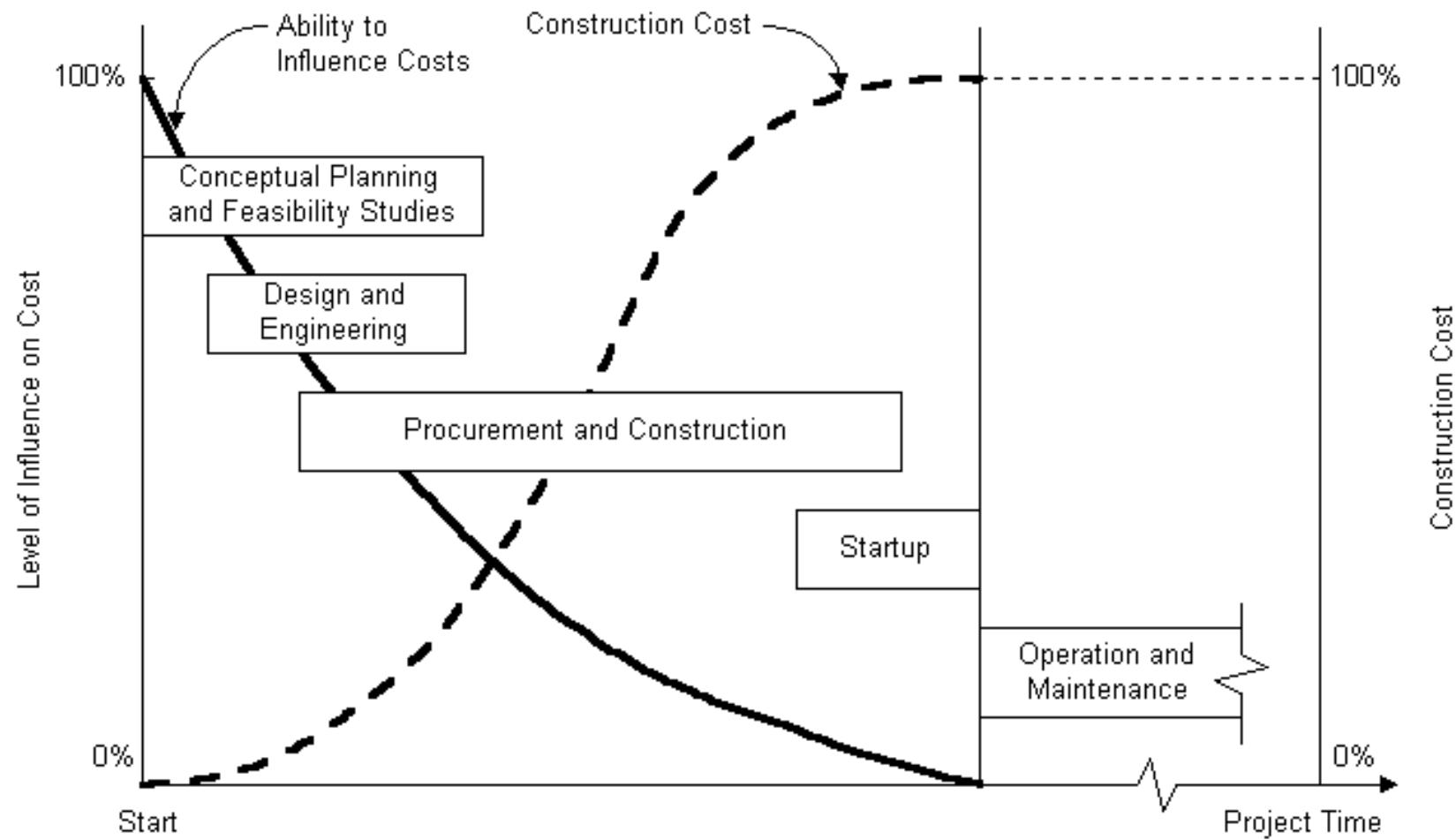
Distribution of Risks that Materialized During Implementation



^a These categories follow RAMP guidelines. Governance includes financial management, procurement, anti-corruption, integrity, due diligence, capacity, and institutional.



Ability to Influence Project Cost Highest in the Early Project Stage



Strategies for Risk Identification

- Team brainstorming sessions
- Reviews of similar past projects
- Expert interviews
- Stakeholder consultations
- Analysis of project scope



Methods for Risk Assessment

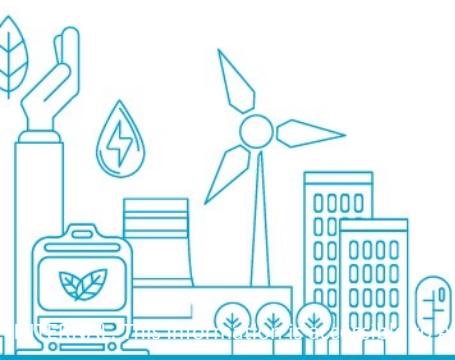
- Qualitative Analysis:
 - Rating risks on a scale (e.g., low, medium, substantial, high)
 - Assessing the impact on different project aspects
 - Evaluating urgency
- Quantitative Analysis:
 - Statistical analysis of probabilities
 - Cost impact calculations
 - Scheduling impact assessments



Risk Response Planning

Four main approaches:

- Avoid: Change your project planning and concept to eliminate the risk
- Mitigate: Take steps to reduce the probability or impact
- Transfer: Shift the risk to another party (like insurance)
- Accept: Acknowledge the risk and prepare for possible consequences



Strategies for Risk Prioritization

- Probability of occurrence
- Potential impact on project objectives
- Time sensitivity
- Resource requirements for mitigation

