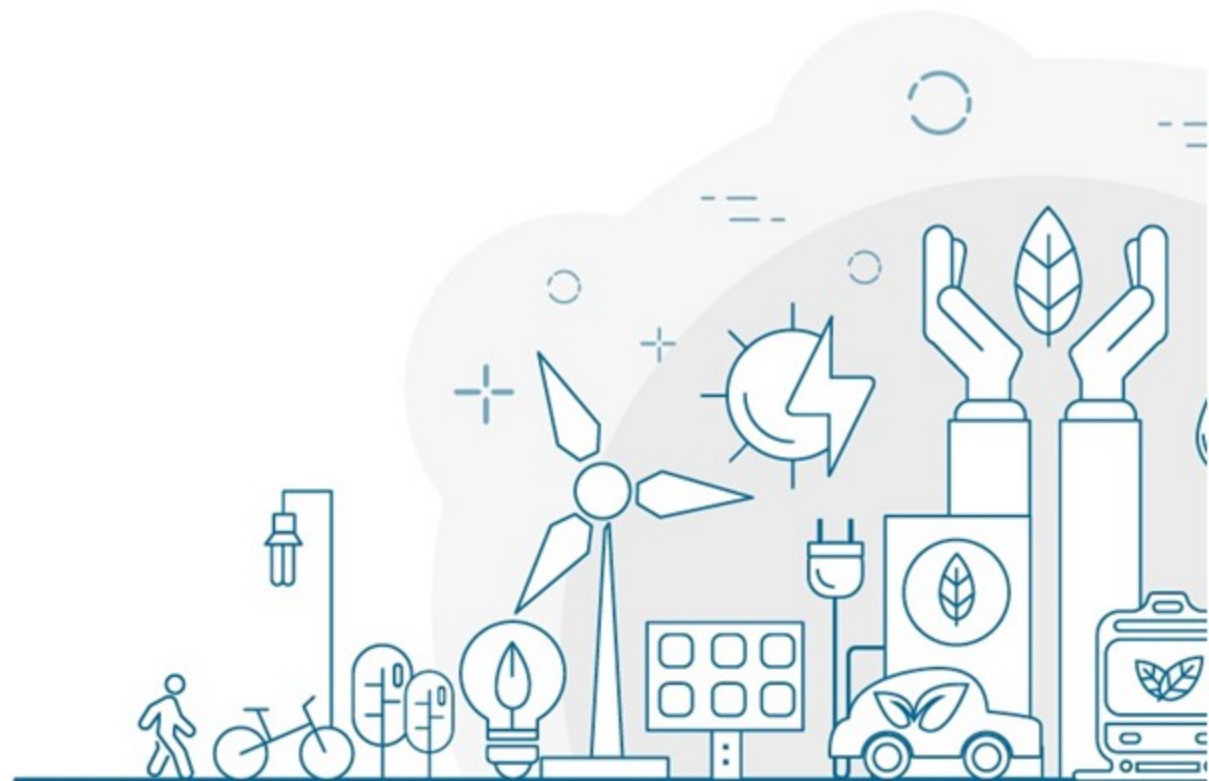


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Guiding Risk-Informed Implementation

Hans Carlsson
Consultant



Scope of Presentation

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

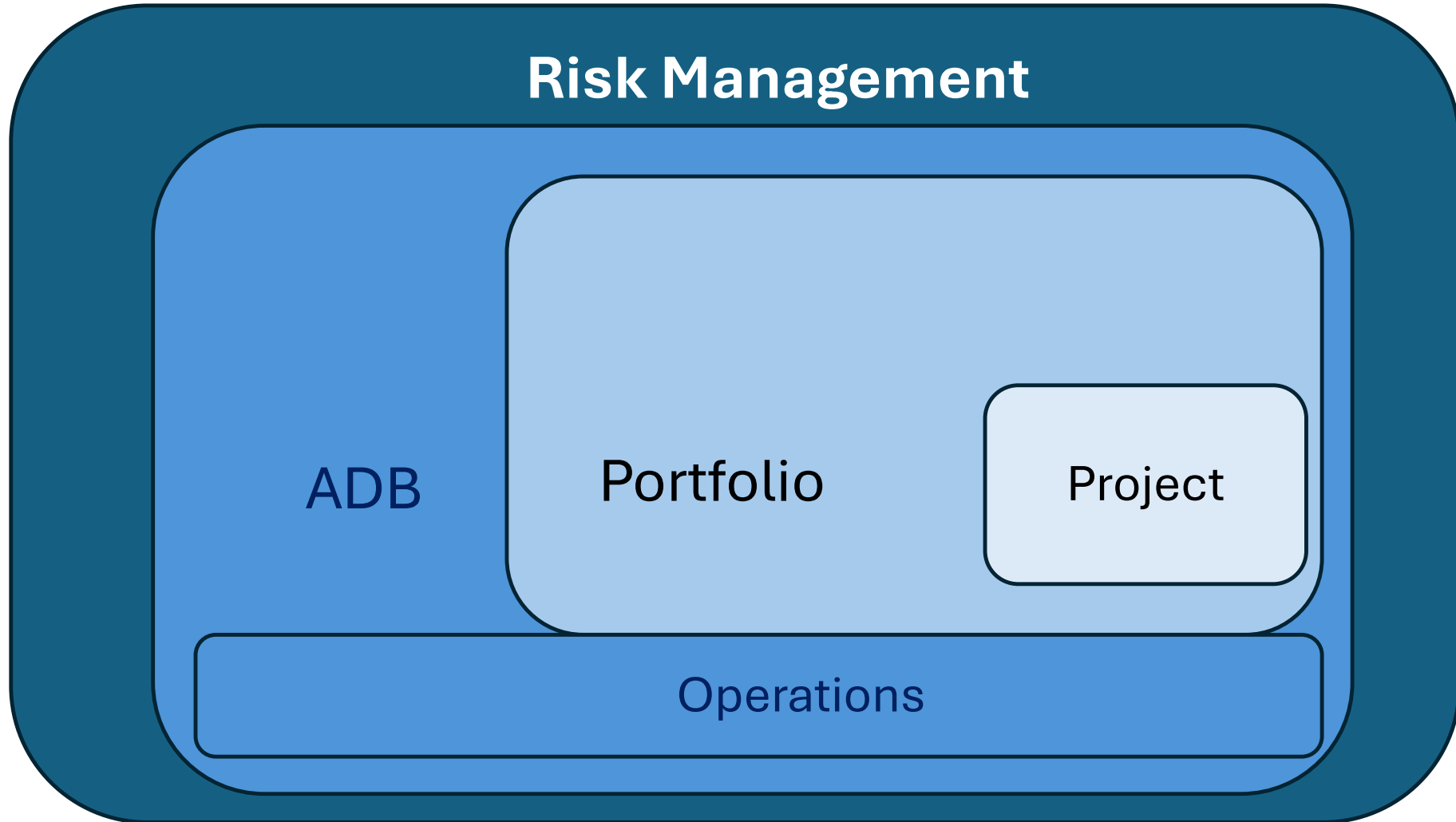


Why is Project Risk Management Crucial?

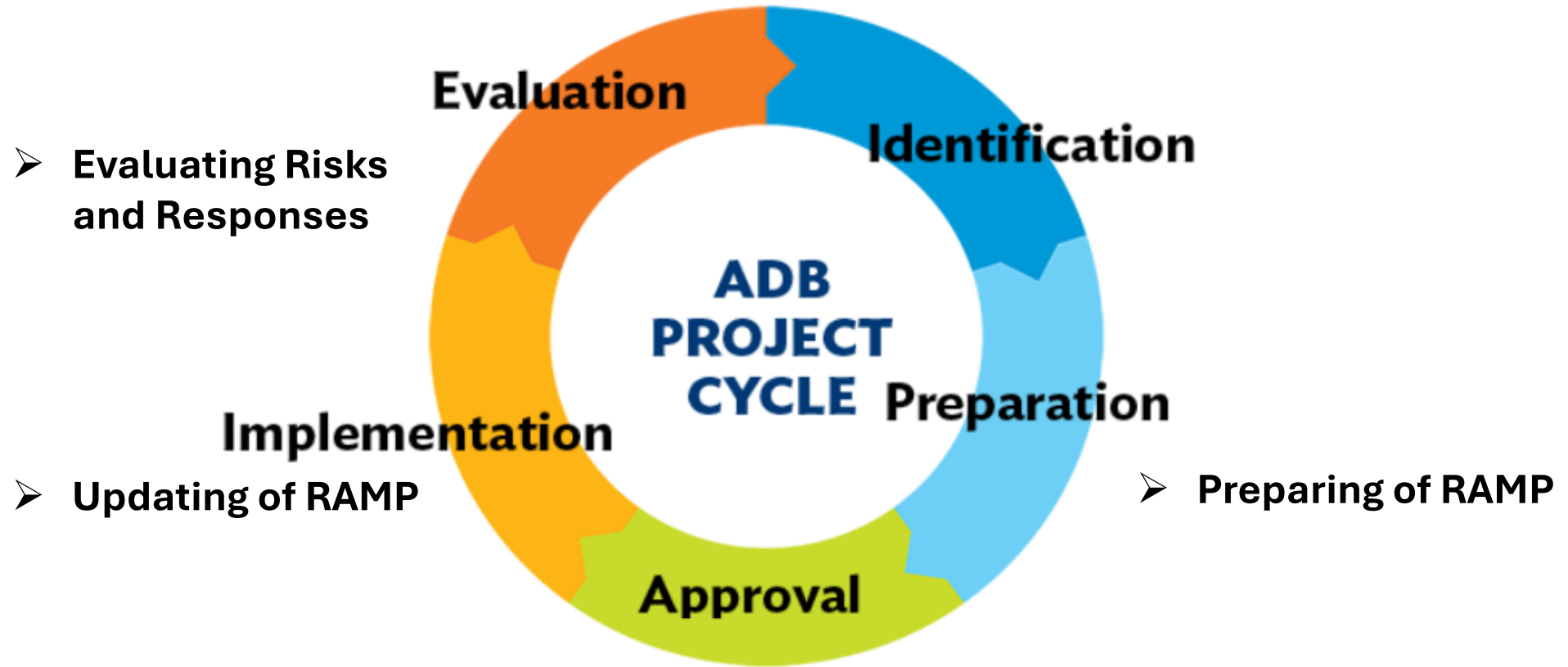
- Increases project success rates; prevents project failures
- Enhances decision-making; improves resource allocation
- Boosts stakeholder confidence
- Ensures compliance and protects reputation
- Fosters continuous improvement



Project Risk Management and its Context



Overview: Risk Management over ADB Project Cycle



RAMP - Risk Assessment and Risk Management Plan



Risk Management Cycle

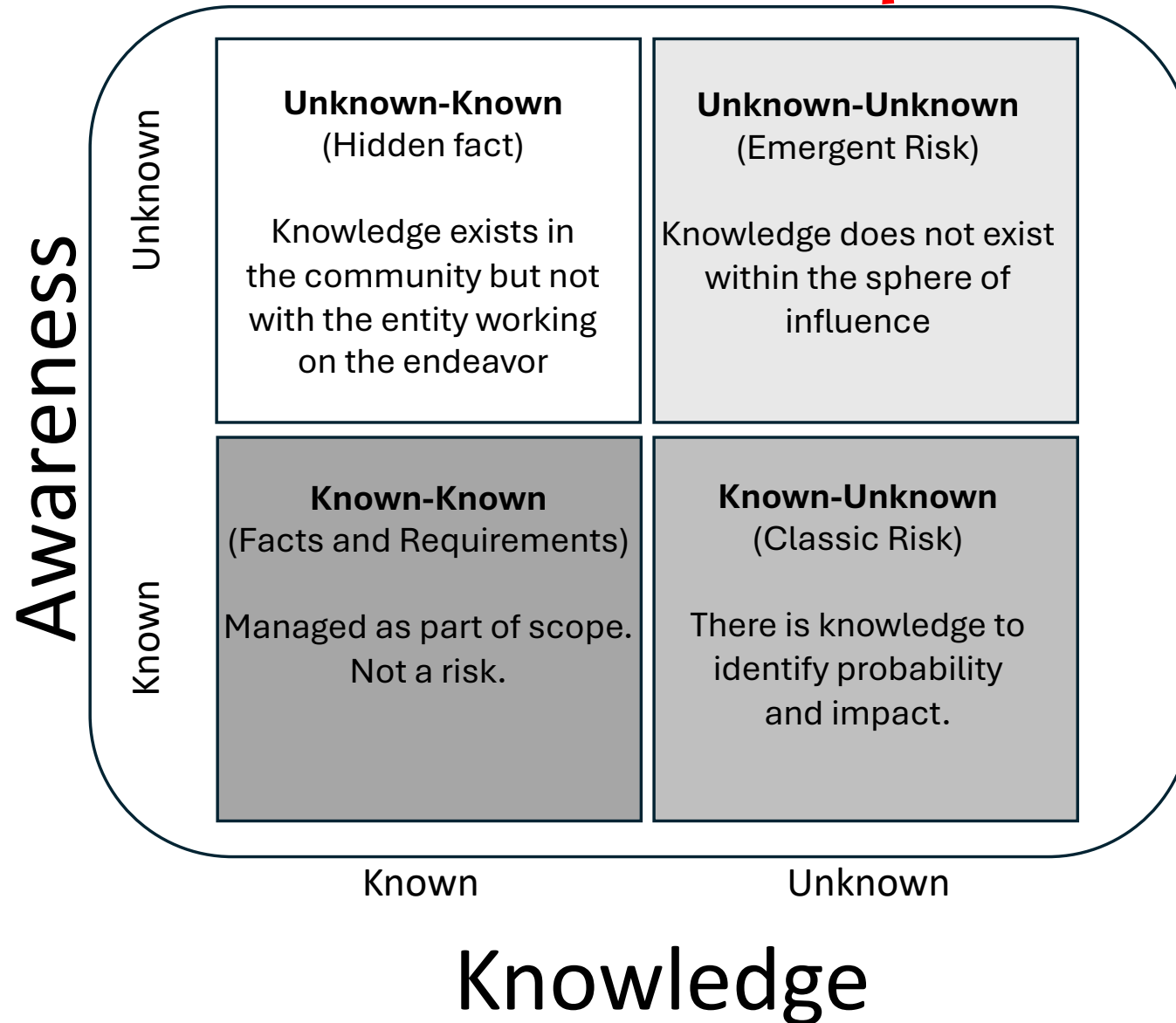


Risk Response Strategies:

- Avoid
- Mitigate
- Transfer
- Accept



Risk versus Facts and Requirements



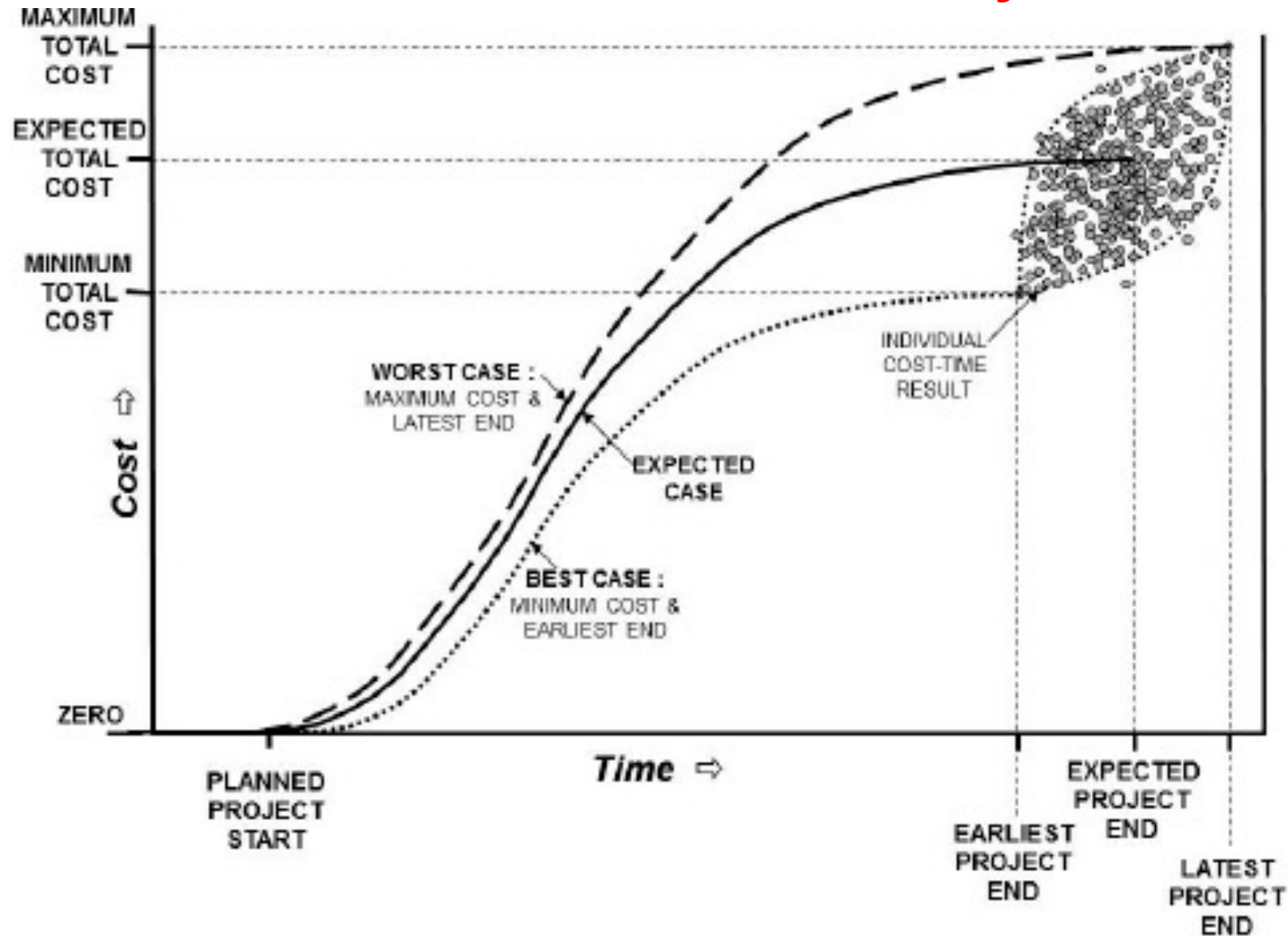
A new or unforeseen risk
not yet contemplated

Classic risk

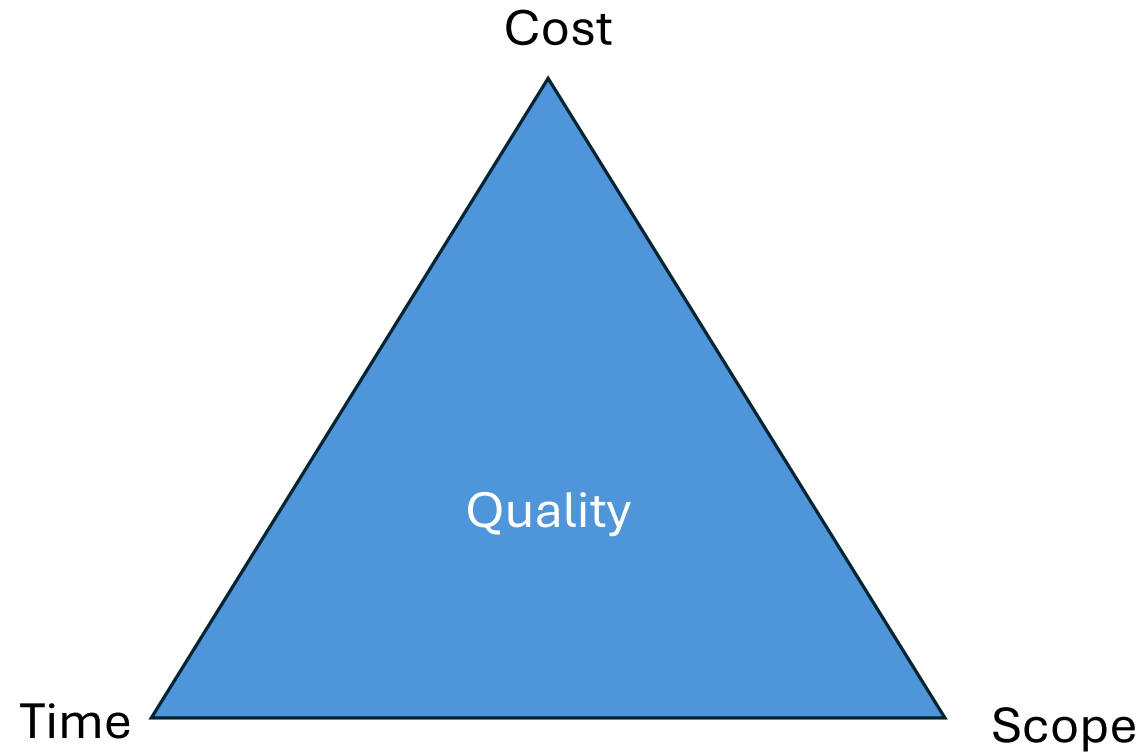


What Happens to ADB-financed Projects?

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

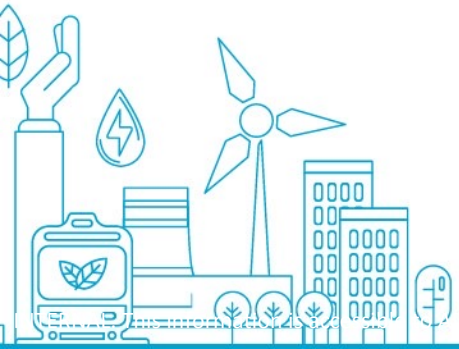
"ROBUST PROJECT DESIGN"



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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I. Introduction A. Purpose of the Handbook B. Scope and Applicability		V. Project Processing Stage A. ADB Processes Steps and Actions B. Borrower Actions
II. Overview of the Project Cycle and Risk Management A. Project Cycle Stages B. Overview of Risk Management		VI. Implementation Stage A. Managing Overall Project Risks B. Managing Implementation Risks C. Updating the RAMP
III. Project Identification Stage A. Purpose and Requirements B. Risk Identification		VII. Completion and Evaluation Stage A. Managing Project Completion and Closure B. Evaluating Performance from Risk Management Perspective C. Assessing Risk Management Experience and Lessons Learned
IV. Design and Preparation Stage A. Risk Assessment and Mitigation Measures B. Project Design from Risk Management Perspective C. Preparing the RAMP		APPENDIXES 1. Methodology and Data Collection 2. List of Countries Visited 3. List of Projects Reviewed 4. Examples of Tools to Support Project Risk Management 5. Questions and Answers



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 likeliness 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

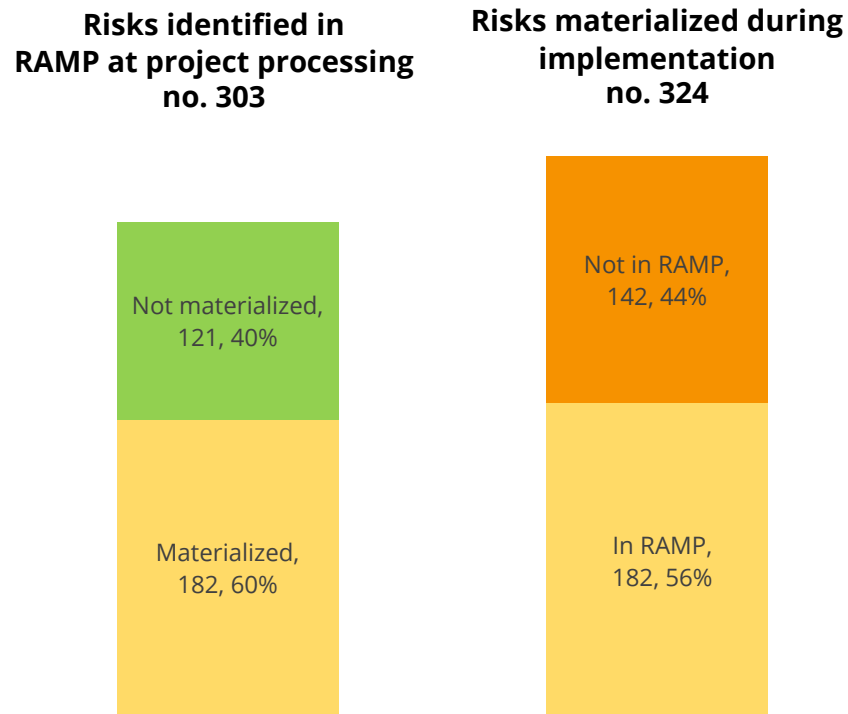


Supplementary Slides



Risk Management Study —RAMP Underutilized and Not Updated

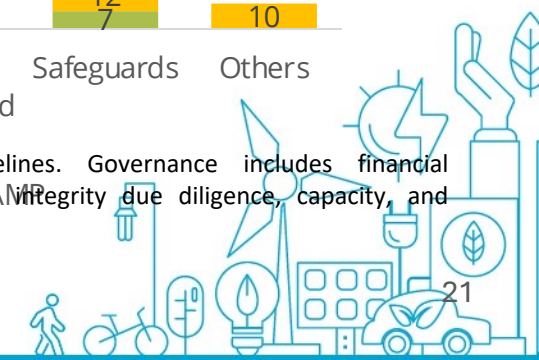
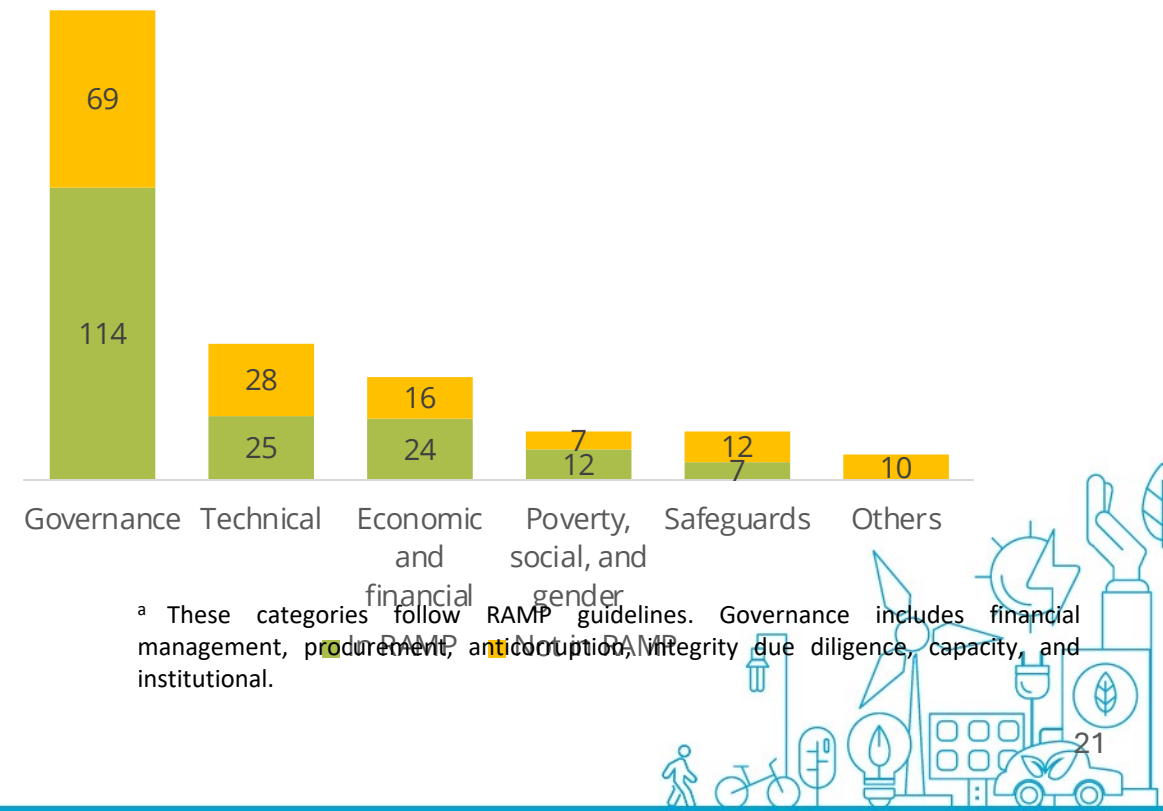
1. 40% of the risks identified in the RAMP did not materialize
2. 44% of the risks materialized during implementation were not in the RAMP



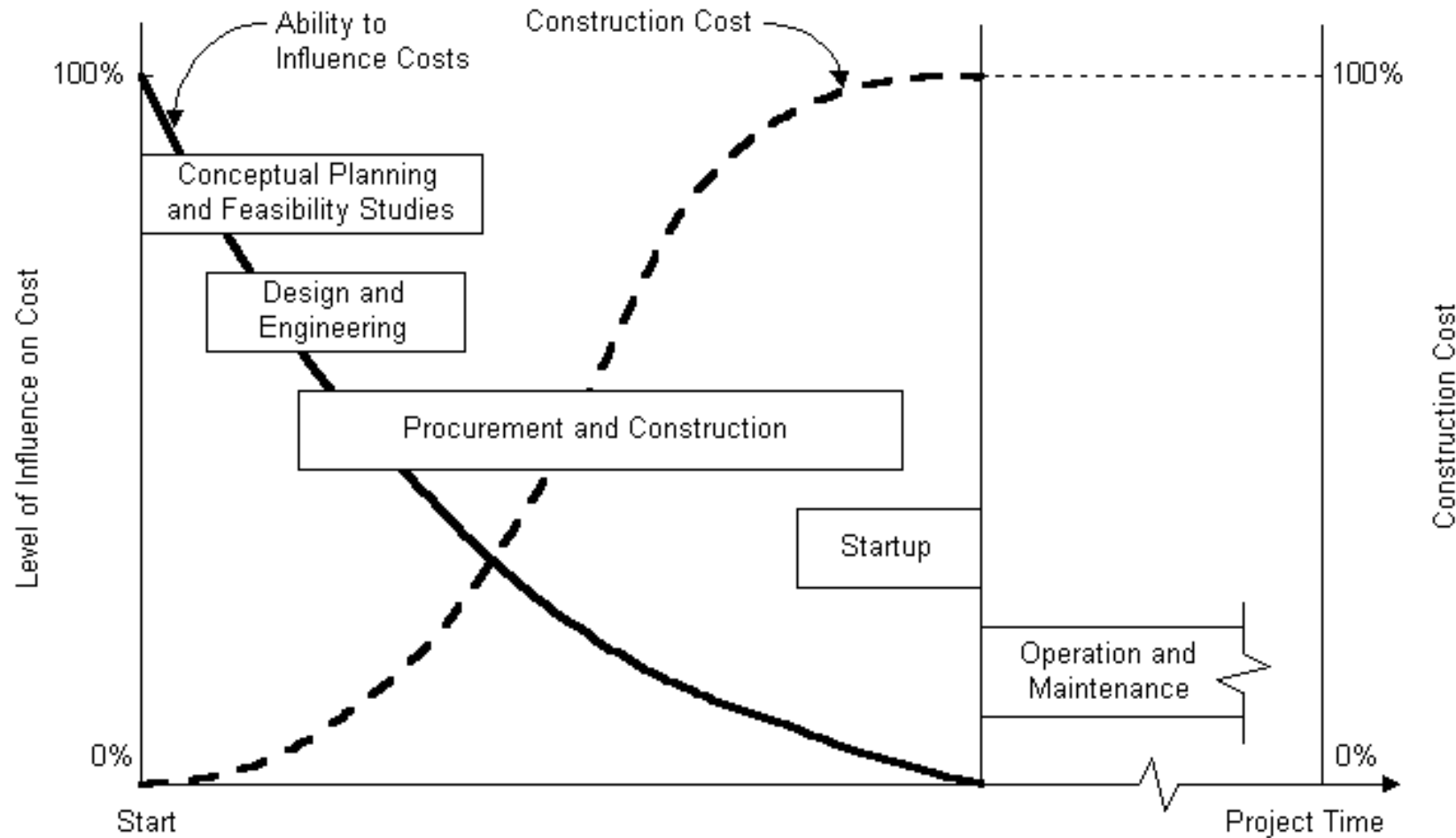
RAMP = risk assessment and risk management plan.

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



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

