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Risk Management in Development Projects

Building Resilient and Accountable Projects

Guoliang Wu
Director, Portfolio Management Division
Procurement, Portfolio and Financial Management Department, ADB



Why Risk Management Matters



Prevent delays, overruns, and reputational damage



Strengthen accountability and transparency



Build trust with stakeholders and communities

Risk Management = Better Project Outcomes



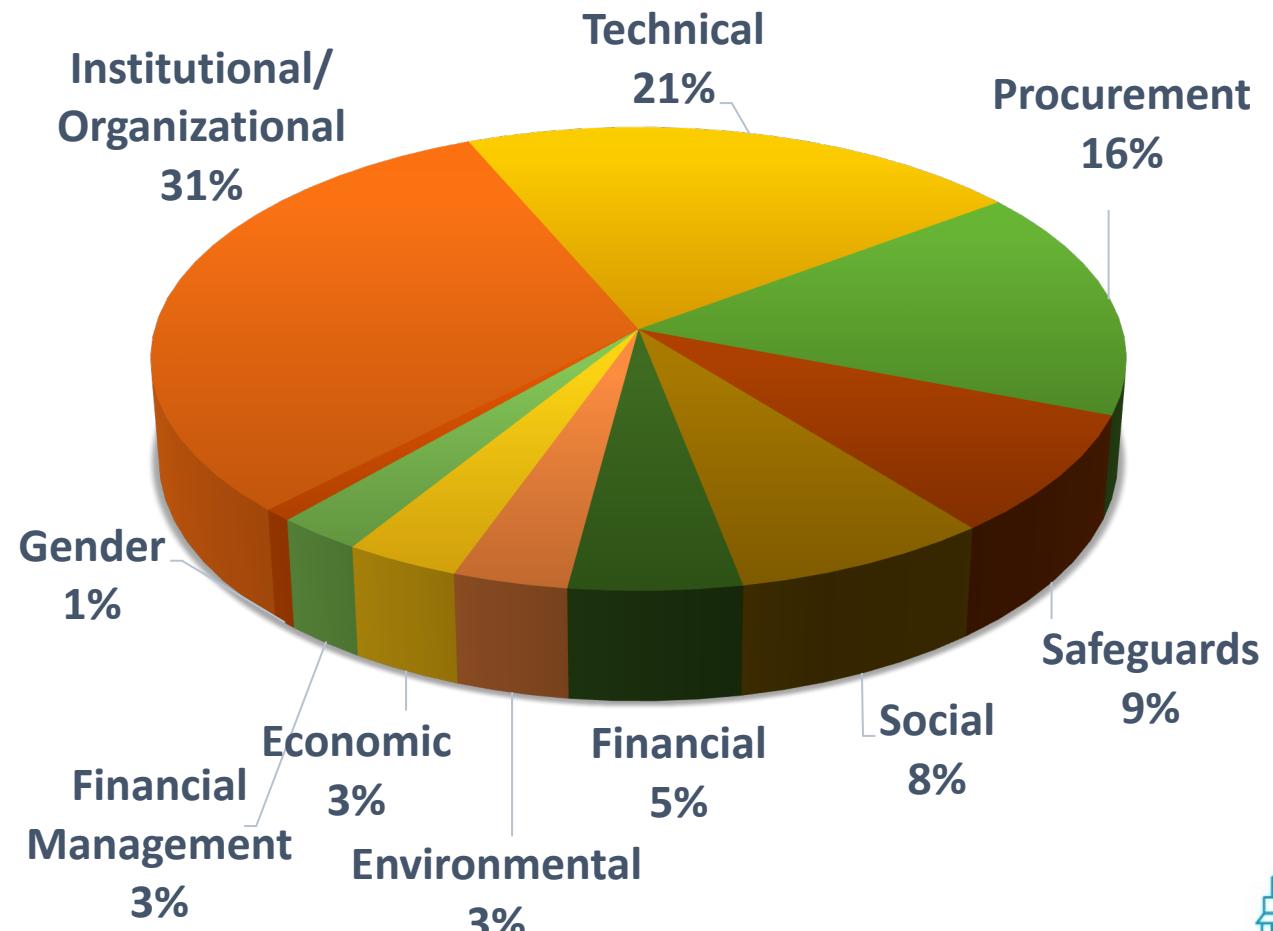
What Data Shows

Key Findings

- RAMP used as an approval document instead of a risk management tool.
- 44% of implementation risks materialized were not captured in RAMP.
- Many risks identified early not tracked later.



ADB PROJECTS RISKS BY CATEGORY



Key Risks in ADB-financed Projects

Institutional and Organizational

- Change in government leadership/direction
- Weak capacity of project management staff
- Lack of readiness (i.e., project management staff not assigned before project approval)

Technical

- Inefficient project design (i.e., too complicated, over-ambitious)
- Lack of allocation or plan for operation and maintenance after project completion

Operational

- Lack of guidance on contract management
- Lengthy procurement processes (both government and ADB)



Why Early Risk Identification Builds Resilience

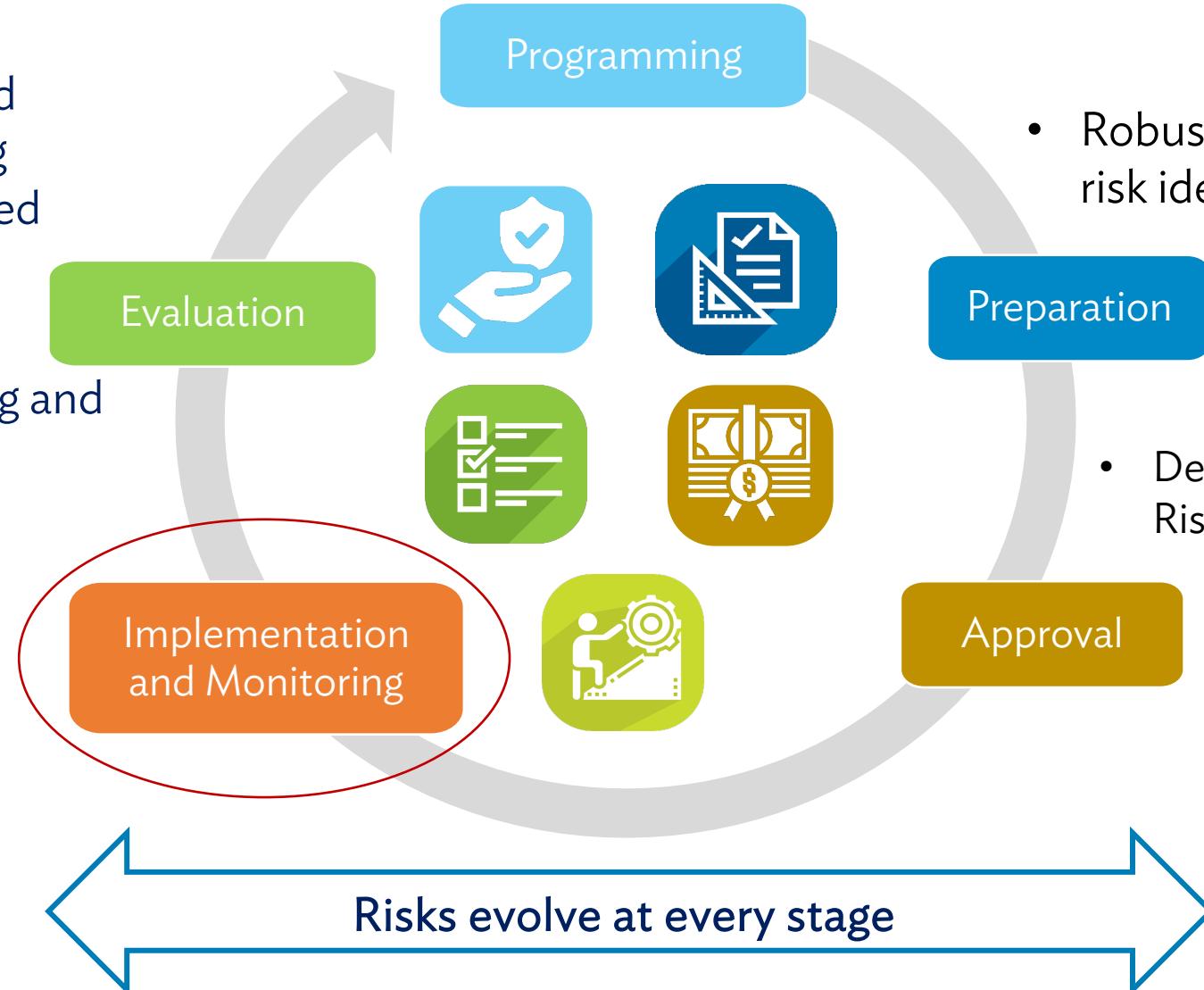
- Anticipates shocks before they materialize
- Builds contingency into budgets and designs

“The earlier you see it, the easier it is to manage it”.



Project Cycle and Risk Management

- Evaluation of risks and responses / mitigating measures implemented
- Regular risk monitoring and re-assessment. **Often underestimated.**
- Update of RAMP



- Robust programs and projects risk identification
- Design of Risk Assessment and Risk Management Plan (RAMP)



Types of Risks in Development Projects

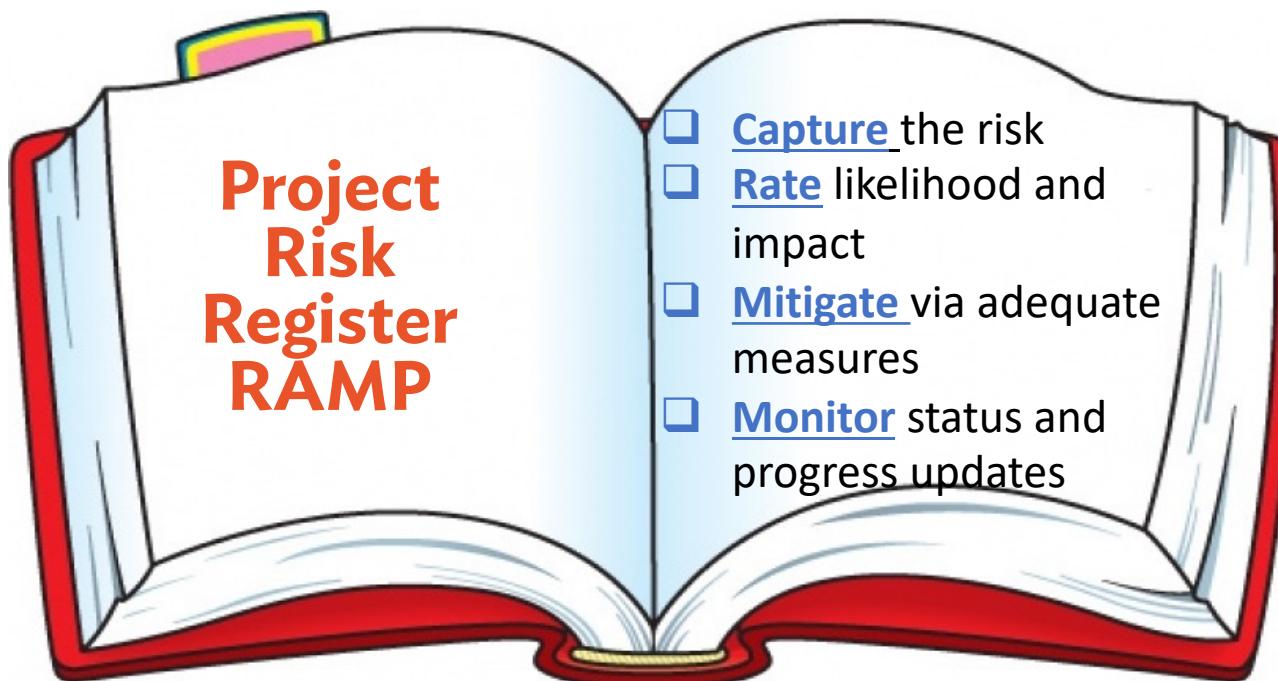
- Coins icon **Financial & economic:** exchange rate fluctuations, budget shortfalls
- Blueprint icon **Technical & operational:** design inefficiencies, supply chain disruptions
- Globe icon **Political & governance:** changes in leadership, weak institutions
- Leaf icon **Environmental & social:** natural disasters, community opposition
- Group icon **Institutional & capacity:** lack of capacity and skill, weak oversight mechanisms

“Which of these risks hits your projects most often?”



RAMP — The Living Tool

- Central tool for capturing, rating, monitoring, and managing risks.
- Promotes structured and transparent decision-making.
- A living document. Not paperwork.



Monitoring & Accountability



Regularly Review. Risk management is not just about identifying risks; it is about monitoring and acting on them.



Adjust Mitigation. Regular project reviews, progress reports, and supervision missions are opportunities to check risks and mitigation measures.



Assign Accountability. If no one owns the risk, it isn't managed.



Call to Actions

Institutionalize systematic risk monitoring over project cycle



- i. Incorporate regular risk reviews into standard project governance; engage relevant stakeholders.
- ii. Track emerging trends, understand risk impact and adapt mitigation strategies promptly.

Improve the quality of risk statements



- i. Make each risk statement specific, clear, and actionable.
- ii. Adopt a standard approach to ensure consistent risk descriptions across projects.

Enhance mitigation measures and foster accountability



- i. Align mitigation actions with well-defined triggers and thresholds.
- ii. Involve key stakeholders to select and implement the most effective measures.

RAMP as a dynamic risk management tool



- i. Keep RAMP updated throughout the project.
- ii. Ensure project teams proactively revisit and refine the RAMP.

RAMP = risk assessment and risk management plan.