

The views expressed in this presentation are the views of the author/s and do not necessarily reflect the views or policies of the Asian Development Bank, or its Board of Governors, or the governments they represent. ADB does not guarantee the accuracy of the data included in this presentation and accepts no responsibility for any consequence of their use. The countries listed in this presentation do not imply any view on ADB's part as to sovereignty or independent status or necessarily conform to ADB's terminology.

Risk Management in Development Projects

Building Resilient and Accountable Projects

Guoliang Wu

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



Guoliang Wu

Director

Portfolio Management Division,
Asian Development Bank

Guoliang Wu has over 25 years of leadership experience, including 13 years at the Asian Development Bank (ADB). He has played a key role in shaping major institutional reforms and corporate initiatives, including ADB's Corporate Results Framework,

Managing for Development Results agenda, and advancements in portfolio management, digital transformation, and enterprise performance systems.



Why Risk Management Matters



Prevent delays, overruns, and reputational damage

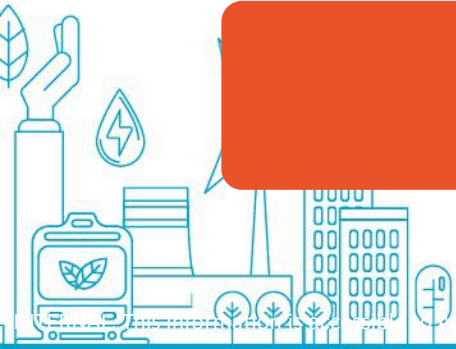


Strengthen accountability and transparency



Build trust with stakeholders and communities

**Projects fail not because risks exist
but because they are not managed proactively.**



What's at Stake When Risk Goes Unmanaged



Communities: delayed projects mean delayed access to roads, water, health, and education

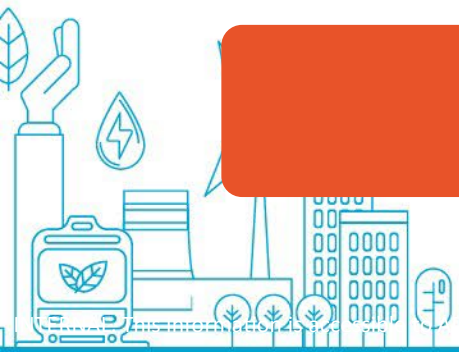


Governments: debt service continues whether or not the project delivers results

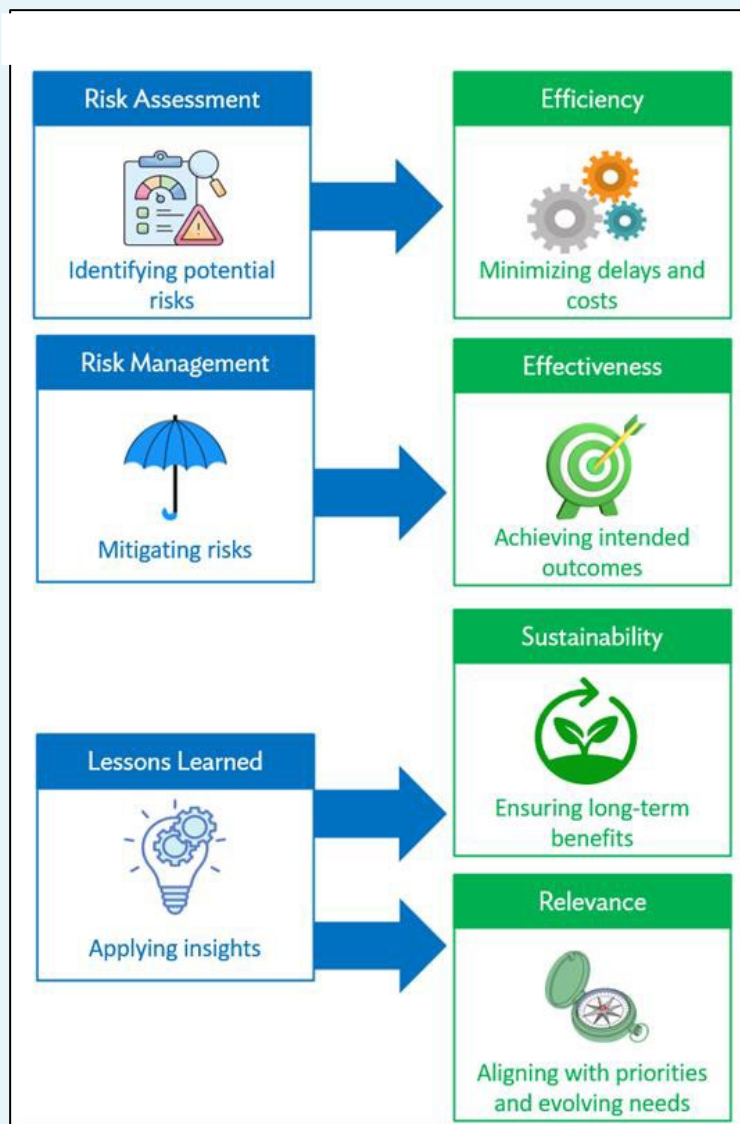


ADB: recurring risk failures erode credibility as a development partner

**The true cost of unmanaged risk is borne by the people
our projects are meant to serve**



From Risk Management to Development Results



✓ Keeps projects on schedule and within budget

✓ Protects the outputs and outcomes the project was designed to deliver

✓ Protects benefits long after project completion

✓ Keeps design aligned as needs and conditions evolve

What Data Shows



Risks identified during due diligence are not systematically consolidated and summarized



Discrepancies in risk information between RRP and Risk Assessment and Management Plan (RAMP)



EAs' progress reports do not discuss monitoring of identified risks or effectiveness of mitigation measures

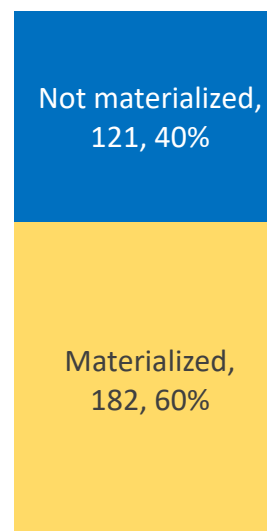


Project Administration Manual does not require monitoring of risks and mitigation measures listed in the RAMP

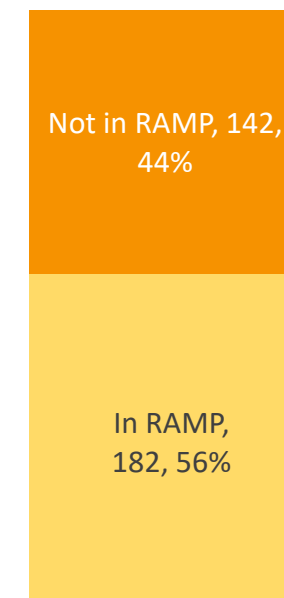


- 40% of the risks identified in the RAMP did not materialize
- 44% of the risks materialized during implementation were not in the RAMP

**Risks identified in
RAMP at project processing
no. 303**



**Risks materialized during
implementation
no. 324**



Where Project Risks Originate

Stakeholder Engagement

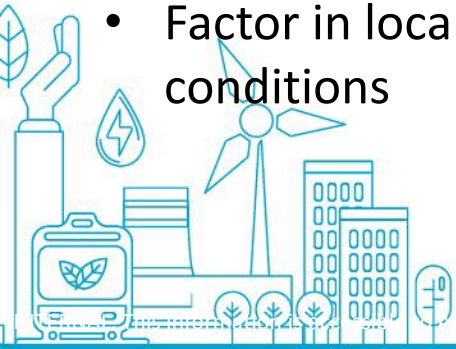
- Map who is affected, who has influence, and who approves

Historical Experience

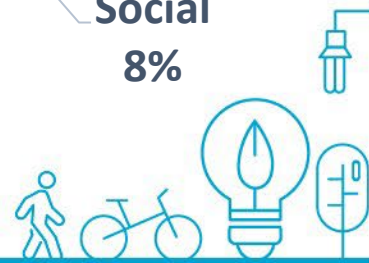
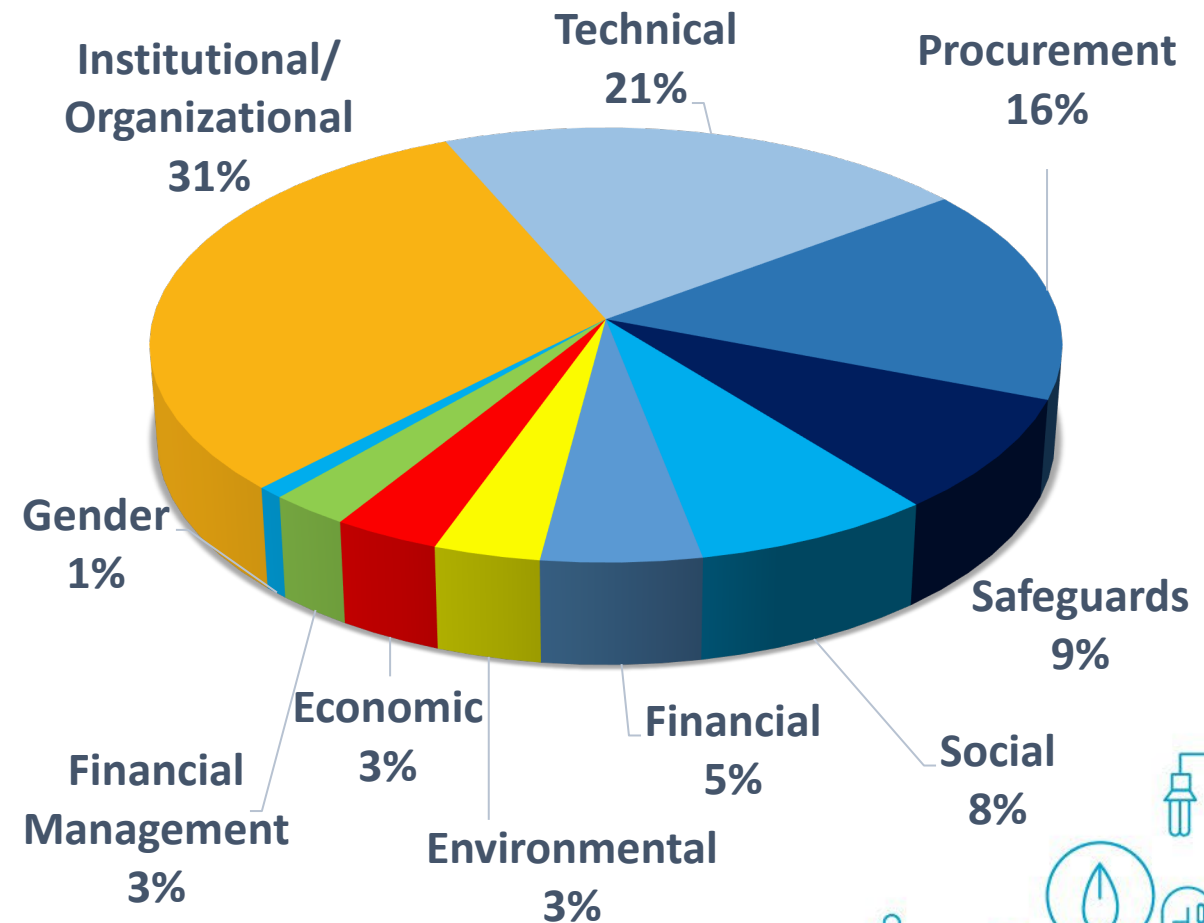
- Scan past projects for recurring issues and root causes

Geography

- Assess exposure to hazards, terrain, and logistics constraints
- Factor in local contractor capacity and market conditions



ADB PROJECTS RISKS BY CATEGORY



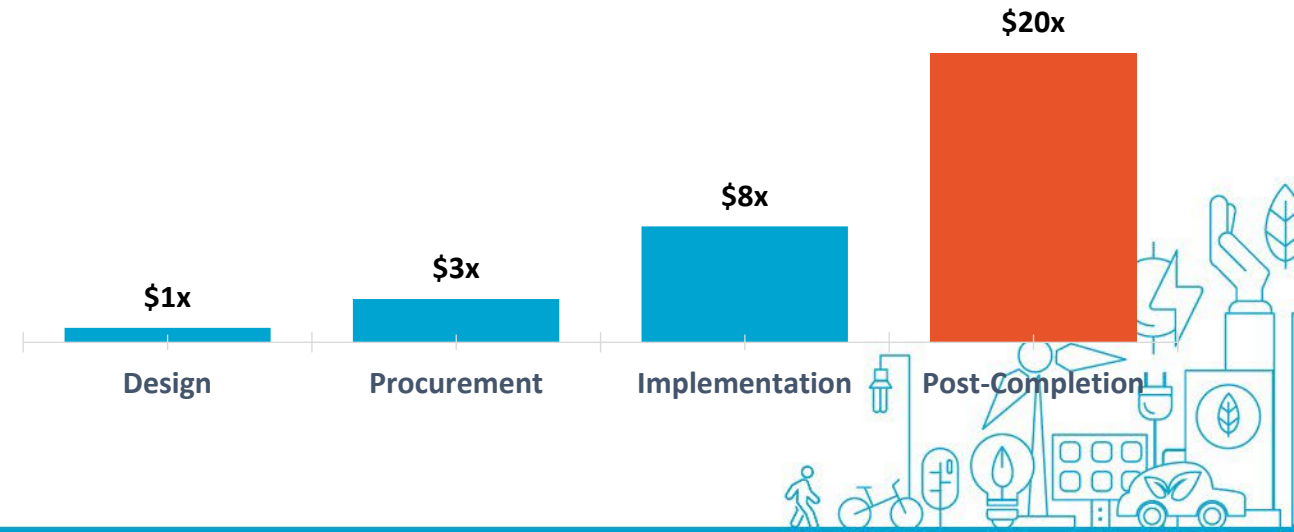
Why Early Risk Identification Builds Resilience

- 1 Anticipates shocks before they materialize
- 2 Builds contingency into budgets and designs
- 3 Keeps the cost of fixing problems low while teams can still act

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



RELATIVE COST TO FIX A RISK, BY PROJECT STAGE



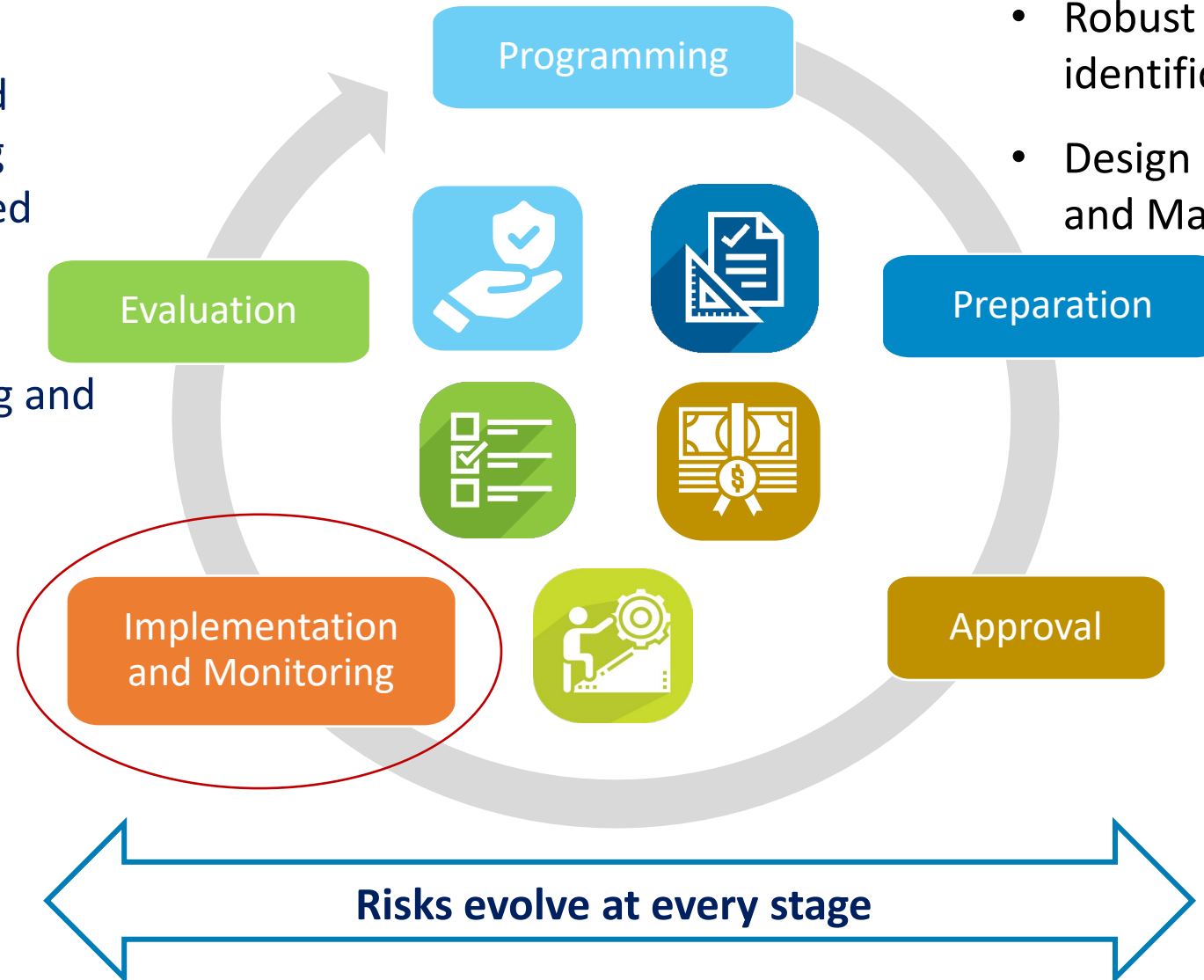
Project Cycle and Risk Management

- 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 the Risk Assessment and Management Plan



Types of Risks in Development Projects



Technical: design quality, readiness, institutional capacity, procurement and contract management



Environmental: regulatory non-compliance and delays, climate-related hazards



Social & stakeholder engagement: land acquisition, resettlement, gender, SEAH, grievance redress



Financial: financial management weaknesses, counterpart funding shortfalls, cost recovery



Economic: macroeconomic shifts, inflation and cost escalation, exchange rate exposure

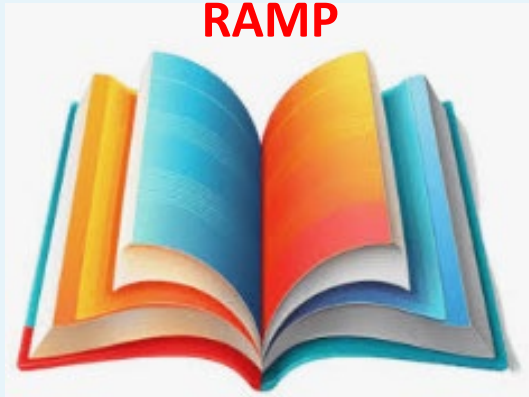
“Which of these risks hits your projects most often?”

Risk Assessment and Management Plan (RAMP)

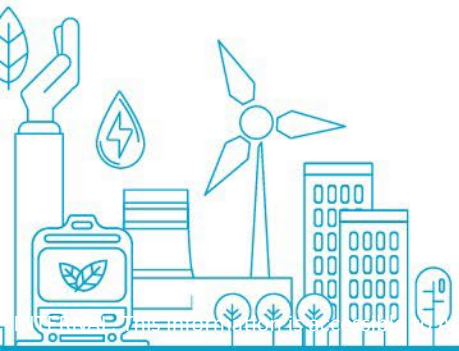
The Living Tool

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

Project Risk Register RAMP



- ☐ Capture the risk
- ☐ Rate likelihood and impact
- ☐ Mitigate via adequate measures
- ☐ Monitor status and progress updates



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 Action



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.

