

Risk Assessment

This section outlines the key risks associated with the Capital Budget Plan, their potential impacts, and proposed mitigation strategies to manage uncertainties throughout the investment lifecycle.

1. Risk Identification and Description

Risk Category	Description	Likelihood	Impact	Mitigation Strategy
Financial	Budget overruns due to unforeseen expenses or inaccurate estimates.	Medium	High	Regular financial monitoring; establish contingency reserves.
Operational	Delays in project schedule due to resource shortages or supply chain issues.	High	Medium	Advance procurement planning; diversify suppliers.
Compliance	Failure to meet regulatory requirements or obtain necessary permits.	Low	High	Early stakeholder engagement; track regulatory changes.
Market	Changes in market demand that affect project viability.	Medium	Medium	Continuous market analysis; flexible project planning.

2. Overall Risk Evaluation

The capital project demonstrates a **moderate risk profile** with primary exposures in financial and operational categories. Current mitigation strategies are considered effective, but ongoing vigilance is recommended.

3. Risk Monitoring and Review

Risk factors will be monitored at key project milestones. Adjustments to mitigation strategies will be enacted should risk levels change. Documentation of all risk events and actions taken will be maintained for continuous improvement.

Important Notes

- This document should be regularly reviewed and updated as project circumstances evolve.
- All identified risks should be assigned clear ownership for accountability.
- Quantitative and qualitative assessment methods improve risk evaluation accuracy.
- Stakeholder involvement is critical to identifying and addressing emerging risks.
- Documentation supports transparency and informed decision-making for capital allocation.