

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.