# [1. RISK ASSESSMENT FOR INTERNATIONAL PROJECTS: A MANAGEMENT APPROACH (RS181-1)](https://www.construction-institute.org/risk-assessment-on-international-projects-a-management-approach)

**Report Summary:** The International Project Risk Assessment (IPRA) tool allows a project team to identify and gauge the level of risk on projects prior to and throughout the project’s life cycle. By design, IPRA focuses specifically on issues unique to international ventures. A significant feature of IPRA is its flexibility to fit the needs of almost any individual project. IPRA elements that are not applicable to a specific project can be ignored, thus eliminating them from further assessment and mitigation actions.

For international construction projects, the following risk response is proposed as a critical phase of the overarching risk management process. The following actions can help the project team effectively implement IPRA:

* Organize and formalize a risk management process and keep it as simple as possible.
* Begin early to optimize effectiveness.
* Maintain a broad perspective to obtain the diversified input required.
* Undertake adequate pre-project planning, analysis, and engineering.
* Partner with owner and contractor management.
* Recognize that certain projects are more prone to risk than others and that experience in a jurisdiction is important.
* Recognize that risk documentation is critical.

**Key Takeaways:**

## (1) Organize and formalize a risk management process and keep it as simple as possible.

## (Project Phase: Feasibility through Operate Facility)

* Identify key stakeholders to participate in the risk assessment and management process.
* Develop a comprehensive risk register by collecting and documenting potential risks associated with the project.
* Establish clear roles and responsibilities among team members for identifying, analyzing, and mitigating risks.
* Determine the level of risk tolerance and develop strategies to manage or mitigate the identified risks.
* Schedule regular meetings to review and update the risk management process throughout the project lifecycle.

## (2) Begin early to gain the most effectiveness.

## (Project Phase: Feasibility through Operate Facility)

* Allocate resources and time in the project planning phase to identify, analyze, and develop risk mitigation approaches.
* Conduct a thorough risk assessment during the pre-project stage to establish a baseline of potential risks.
* Engage with stakeholders, including designers, contractors, and suppliers, early on in the project to gather information and insights about potential risks.
* Develop a comprehensive risk register that includes all identified risks and their corresponding mitigation strategies.
* Schedule regular meetings throughout the project lifecycle to review and update the risk management process.

## (3) Maintain a broad perspective to obtain the diversified input required.

## (Project Phase: Detailed scope through Operate Facility)

* Conduct regular meetings with project stakeholders to gather diverse perspectives and ideas.
* Invite experts from various fields to share their insights and experiences.
* Encourage open communication among team members to foster collaboration and creativity.
* Establish a risk management committee to identify potential risks and develop mitigation strategies.
* Analyze industry trends, market conditions, and regulatory requirements to inform project decisions.

## (4) Undertake adequate pre-project planning, analysis, and engineering.

## (Project Phase: Concept through Operate Facility)

* Utilize tools such as the Project Definition Rating Index (PDRI) to conduct thorough project definition and rating.
* Conduct comprehensive risk assessments to identify potential risks, and develop mitigation strategies.
* Engage with stakeholders, including architects, engineers, and contractors, to gather input on project requirements and feasibility.
* Perform detailed analysis of the project scope, schedule, budget, and resources to ensure a solid foundation for the project.
* Develop a robust quality assurance plan to ensure compliance with industry standards and regulations.

## (5) Partner with owner and contractor management.

## (Project Phase: Feasibility through Operate Facility)

* Collaborate closely with project stakeholders to identify potential risks and develop mitigation strategies.
* Engage in open communication with contractors and designers to ensure that all parties understand the project’s requirements and expectations.
* Work together with the contractor to establish a schedule that takes into account local design service approval processes.
* Provide necessary support and resources to help the contractor manage cash flow issues that may result from VAT and tax implications.
* Foster a collaborative environment by recognizing the importance of experience in a jurisdiction for effective risk management.

## (6) Recognize that certain projects are more prone to risk than others and that experience in a jurisdiction is important.

## (Project Phase: Feasibility through Operate Facility)

* Identify high-risk projects based on factors such as project type, location, and complexity.
* Assess the importance of local knowledge and expertise when selecting contractors or designers for international projects.
* Consider hiring experienced professionals with knowledge of specific jurisdictions to mitigate risks associated with unfamiliar markets.
* Develop a risk assessment framework that takes into account the experience in a jurisdiction and the potential risks related to the project scope, schedule, and budget.
* Prioritize projects based on their level of complexity and potential risks, allocating more resources and attention to high-risk initiatives.

## (7) Document risk management results to improve project efficiency and reduce costs through sharing information.

## (Project Phase: Feasibility through Operate Facility)

* Identify and document all potential risks associated with international projects in a centralized risk register.
* Develop a standardized risk assessment framework to ensure the consistent evaluation of project-specific risks.
* Establish clear procedures for documenting and tracking mitigation strategies and their effectiveness.
* Conduct regular reviews of the documented risks to identify trends, patterns, and areas for improvement.
* Ensure that all stakeholders have access to the risk documentation and are aware of their roles in mitigating identified risks.

## [(8) Tool: Integrated Project Risk Assessment (IPRA), Version 2.0 (IR181-2)](https://www.construction-institute.org/integrated-project-risk-assessment-ipra-version-2-0?token=eyJ0eXAiOiJKV1QiLCJhbGciOiJIUzI1NiJ9.eyJ1c2VybmFtZSI6ImdjaGVuMjRAbmNzdS5lZHUiLCJlbWFpbCI6ImdjaGVuMjRAbmNzdS5lZHUiLCJmaXJzdG5hbWUiOiJHb25nRmFuIiwibGFzdG5hbWUiOiJDaGVuIiwiRXhwaXJlcyI6IjIwMjQtMDctMTlUMjE6MTY6MzAuMzA1MzYxMloifQ.VNNO79VK8CYOZnRRzpJwoDo04bdD_7OY77mFjyP4kiQ)

## (Project Phase: Feasibility through Operate Facility)

This tool is designed to:

* Define IPRA’s purpose: Enables project teams to identify, assess, and mitigate risks, especially for complex projects in unfamiliar environments.
* Outline the risk management stages: Implements risk identification, assessment, analysis, and mitigation, serving as a structured guide.
* Highlight risk matrix usage: Uses the IPRA risk matrix to prioritize highly likely, high-impact risks for mitigation​.
* Emphasize continuous assessment: Conducts IPRA evaluations throughout the project’s various stages to adjust for new risks as the project evolves.
* Recommend action plans: Implement mitigation strategies such as risk avoidance, retention, control, transfer, and contingency planning.