



PROJECT RISK ASSESSMENT

CASE STUDY/INSIGHT

PROJECT RISK ASSESSMENT

Over the years, the implementation of renewable energy projects has increased across the globe. Despite its growth, the different perceptions of risks that prevail among the investors, project developers and other stakeholders are constraining the acceleration of the renewable energy technologies. Transparent and extensive risk assessing methodologies and techniques will gain the confidence of the investors and the project developers, which in turn will help foster the renewable energy projects.

Every project needs to be assessed on various risks like institutional risk, financial risk, technical risk, risk against natural disasters and climatic factors, political uncertainties, legal risk, sustainability risk, market risk, social and gender risk, knowledge management risk, etc. The risk assessment is applicable irrespective of the size and context, whether it is an individual energy generation project or a country level development program. The level of risks also needs to be evaluated. Existing commitments and activities of the stakeholders on way forward will help evaluate and assess the risk level.



PROJECT RISK ASSESSMENT

The institutional risk can be mitigated by obtaining a letter of commitment from the institutions/major stakeholders on their roles and responsibilities related to the project. Financial risk is a major risk leading to failure in most of the projects. Hence, obtaining a letter of commitment from the relevant investors/financiers will mitigate the risk.

Sustainability risk is one which the investors/donors will look into, so that their investment/grant amount will fetch benefits until the end of the project lifetime. Any social and gender risk needs to be assessed and mitigated through appropriate stakeholder meetings and interactions. Sometimes, awareness raising and capacity development will be needed to overcome many risks. Most of the risks are location and project specific. Hence, the risk evaluation requires expert assessment and development of mitigating activities for the sustainability of the project.

