



Project & Contract Management

# Contractual and Project Risk Quantification Methods

## Course Introduction

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All commercial activities rely on contracts, which define the steps necessary to protect a company and support its growth. However, contracts are often lengthy, complex documents filled with legal terminology and potential risks. Despite this complexity, their underlying objective remains simple: one party aims to maximize returns, while the other seeks to minimize costs—both striving to reduce risk exposure.

Contract risk management plays a crucial role in identifying, controlling, and mitigating potential risks throughout a contract's lifecycle. By ensuring compliance and monitoring key terms, it helps businesses maximize contract value while minimizing liabilities.

Why is Contract Risk Management Important?

Accurately assessing contract-related risks is essential for protecting business interests. These risks may include lost opportunities, legal exposure, and financial consequences affecting the parties involved. As the volume of negotiated contracts increases, so does the potential for financial loss. Therefore, effective contract risk management is critical to identifying and mitigating risks that could lead to unfavorable outcomes.

## Target Audience

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- People in engineering, contract management and maintenance
- Employees in procurement, buying, bidding, project management, and contracts
- Personnel in charge of the audit, finance, claims, and risk management
- All specialists engaged in the appraisal, preparation, scheduling, and administration of tenders

# Learning Objectives

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- To enable the participants to determine the elements of the contract risk management procedure
- To enable the participants to draw a parallel between contract management and contract risk management
- To highlight the effective ways to detect, assess, reduce, and monitor contract risks
- To recognize and describe the many ways in which contract risks manifest
- To enable comparison between different strategies for identifying and measuring risk
- To assess the consequences of various measures when allocating risk
- To understand the effects of various risk-allocation strategies
- To highlight techniques of risk transfer in contract management
- To develop the ability to comprehend real contract management requirements and client accountability
- To facilitate better communication between the commercial, technical, and legal departments to handle issues throughout the lifecycle of a contract

# Course Outline

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- **Day 01**

## **Understanding and Detecting Contracting Risk**

- Different types of risks in risk management
- Contractual Relationships: What You Need to Know
- Both sides of a contract have risk categories established.
- Risk assessment procedure
- Management of risks

- **Day 02**

## **Transferring and Minimising Risk**

- Risk is transferred through several contract types
- Contracts with a lump sum payment or a hard fixed price
- Contracts: reimbursable costs

- Incentive Contracts as a Concept
- Arrangements for Pricing: Award fee
- Indemnities as a concept
- Description of the Cross Indemnities Concept: Insurance

### • Day 03

#### **Types of Contractual Risks**

- Financial contract risk
- Value leakage
- Legal contract risks
- Reputational contractual risks
- Controversial contract terms
- Security contract risk

### • Day 04

#### **Conditions and Phrases Associated with Risk**

- Events on a larger scale
- Force majeure
- Strikes and labour disputes
- Title and danger
- Assignment and novation
- Clauses for subcontractors
- Risks linked with subcontractors

#### **Module 5: Dealing with Financial Risks**

- Payments: Managing the risks associated with payments
- Currency dangers
- Economic Risk as a Concept
- Corruption and deception
- Excluding or restricting liability
- Distinctions between contract liability and general liability
- Common law and the distinctions between contract and tort responsibility

### • Day 05

#### **If Tragedy Strikes, Here Are Some Remedies**

- In general, remedies
- Remedies Come in a Variety of Forms
- Damages that have been liquidated
- Warranties

## Confirmed Sessions

FROM	TO	DURATION	FEES	LOCATION
April 20, 2025	April 24, 2025	5 days	4250.00 \$	KSA - Riyadh
Dec. 29, 2025	Jan. 2, 2026	5 days	4950.00 \$	Indonsia - Jakarta
Sept. 21, 2025	Sept. 25, 2025	5 days	4250.00 \$	Morocco - Casablanca