

The contingency reserve is a crucial component of the project's financial planning, and its use during project initiation has several important implications: Risk Management: The contingency reserve (25% of the estimated project cost) helps manage known risks, such as environmental or climate-related challenges. Having these reserves in place during initiation means that Hanan has planned for potential uncertainties and is prepared to handle unforeseen circumstances without jeopardizing the overall budget. If a risk occurs, such as delays due to environmental conditions, the contingency reserve can be used without impacting the original project cost baseline. In conclusion, the contingency reserve provides the necessary financial flexibility to respond to uncertainties that may emerge during the project's execution phase.