

RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description	Risk Assessment without mitigation	Mitigation Measures or Risk Management Plan
Shortage of well-equipped and well performing contractors within the region and limited capacity of local contractors to deliver large-scale emergency reconstruction and rehabilitation works within the scheduled project period	High	Executing agency and implementing agencies will organize business opportunity seminars at selected locations in consultation with ADB to attract prospective bidders and encourage competition to ensure economy and timely implementation.
Weak capacity of the implementing agencies in procurement and contract management	Medium	ADB and executing agency will plan and organize appropriate capacity building workshops and training for executing agency and implementing agencies to enhance their procurement and contract management capacity. Adequate consulting support will also be provided to assist executing agency and implementing agencies to address capacity constraints. Executing agency will periodically review and monitor progress of procurement and ongoing contracts to ensure timely procurement and completion of works.
Inadequate availability of construction material and equipment	Medium	Executing agency will facilitate required statutory clearances to ensure adequate availability of construction materials for the project works.
Difficulty in mobilizing labor and machinery, especially at higher altitudes, because of damage and disruption to access roads	High	Executing agency and implementing agencies will prepare contract cost estimates keeping in view appropriate tender premium for the difficult nature of work at different locations, especially at higher altitudes, to ensure adequate contractor participation
Delay in execution of works because of limited working season and unpredictable weather conditions	High	Executing agency and implementing agencies will schedule project construction activities in such a way that the available limited working season is efficiently utilized.
Appropriate mechanism to handle corruption-related issues covering all aspects of project-financed activities	Medium	In addition to GRM established under the project, the government of Uttarakhand is under the ambit of the Right to Information Act 2005 of the Government of India under which any citizen, entity, or CSO can seek any information related to any aspect of project-financed activity.
Inadequacy of qualified and experienced accountants in the implementing agencies and inadequate staff strength in finance and accounts team	Medium	Professional accountants with adequate experience will be deployed in executing agency and implementing agencies.
Accounts staff are not adequately trained on ADB disbursement procedures.	Medium	ADB will hold regular capacity building workshops to train accounts staff.

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Inconsistent accounting policies and chart of accounts across implementing agencies	Medium	For uniformity, the project will need to adopt consistent accounting policies across all PIUs. Consolidated financial statements will be prepared in accordance with the adopted policies. A consolidated chart of accounts will need to be drawn up and mapped with the charts of accounts of individual implementing agencies.
Independence of auditors, including payment of audit fees	High	Appointment of a retainer with adequate financial management capability will be needed. The financial management specialist will be responsible for separate project bookkeeping to address any independence issues arising between the auditor and the accountant responsible for bookkeeping. It is to be ensured that the external auditor appointed separately and audit fees payable to the external auditor are commensurate with the size of overall project operations.
Appropriate usage and disclosure of generally accepted accounting principles.	Medium	Notes on accounts of the overall project financial statements will address the issue of adequate disclosure of accounting standard usage in preparation and presentation of financial statements.
Inadequate insurance coverage of assets at UJS and DoT	High.	Appropriate insurance policy will need to be designed for adequate coverage.
Timely submission of project audited financial statements.	Medium	The PMU will ensure that books of accounts are ready for audit within 3 months of the closure of the fiscal year. ADB project agreement will adequately covenant for preparation of project financial statements in accordance with relevant standards and timely submission of audited project financial statements.
No mechanism in place to monitor periodic performance of projects across all PIUs.	High	An internal auditor will be appointed to perform overall management audit across all implementing agency departments.
Overall	Medium	

ADB = Asian Development Bank, GRM = grievance redressal mechanism, CSO = civil society organization, PIU = project implementation units, PMU = project management unit, UJS = Uttarakhand Jal Sansthan, DoT = Department of Tourism.

Source: Asian Development Bank