

RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risks	Assessment	Management Plan or Measures
Governance		
Public financial management	Medium	An assessment of financial management has been undertaken. The Ministry of Road Transport and Highways (MoRTH) has the established financial management systems in its regional offices and regional pay and accounts offices to account for and report on project expenditure. The financial management capacity of the MoRTH is being further strengthened by the World Bank, including development of enterprise resource planning and a financial management manual. The Manipur Public Works Department's (MPWD) financial management will be strengthened by the consultant, especially in initial computerization of financial management systems and strengthening the audit review mechanism. Training and support to the MPWD on ADB procedures and financial management systems will also be provided under the investment program.
Procurement: transparency during procurement process	Medium	All procurement for ADB financing will follow ADB procurement guidelines and procedures. The MoRTH's capacity will be further strengthened by World bank support. The MPWD is familiar with ADB requirements through implementation of the ongoing ADB-financed the North Eastern State Roads Investment Program, which is further supported by ongoing technical assistance. The consultants will provide support in procurement under the investment program. The executing agencies and project implementation units (PIU) will disclose information about procurement-related information on their websites.
Inadequate quality checking and monitoring	Medium	Engineers and construction supervision consultants will be engaged for quality checks as per contracts. ADB will undertake frequent review missions to ensure timely undertaking and quality of contracts. The quality assurance system will be strengthened through capacity development support by the World Bank to the MoRTH, and to the MPWD under the ongoing ADB-financed technical assistance. The introduction of 5-year performance-based maintenance in works contracts will substantially increase contractor accountability for construction quality.
Other Risks		
Project implementation delay	High	Advance actions are being taken to ensure high implementation readiness, with the objective of awarding contracts within 1 year of loan approval. Recruitment of nongovernment organizations for supporting land acquisition and resettlement activities will be initiated immediately after loan negotiations. PIUs will be equipped with safeguard focal points for safeguard implementation. Contract packages were large to attract qualified contractors. For national highways, decision making processes will be further streamlined by dedicating authority to MoRTH regional offices. The MoRTH will directly set up a PIU for national highways in Manipur to supplement the MPWD capacity and streamline the decision making process.
Safeguard compliance	High	Adverse impacts of land acquisition and social and environmental impacts have been minimized by undertaking all engineering measures. Works contracts will be awarded only after substantial completion of safeguard requirements. Consultants will be engaged for implementation support. Before commencing construction, a due diligence mission will be fielded to (i) confirm that rights-of-way to be handed over to contractors are free of encumbrances and ready for

		handover to the civil works contractors, and inform project authorities and those affected of remedial actions, if any; and (ii) create awareness among project authorities of ADB's social safeguard requirements pertaining to the project.
Sustainability	High	Five-year performance-based contracts will be adopted and included in the works contracts. The appropriate budget has been provided under the investment program, and will be monitored during the initial maintenance period. Development of road asset management systems are supported by the World Bank (for the MoRTH) and ADB (for the MPWD).
Delay in disbursement	Medium	The decentralized payment system of the MRTTH will be used for all related expenditure for national highways through its regional offices. State road works under the MPWD will be 100% financed by ADB. The project director will operate the dedicated bank account for the project. Financial transactions will be supported by the implementation support consultants.
Limited interest by the construction industry in works	Medium	All contracts have been bundled into large packages to attract qualified contractors internationally. Business opportunity seminars will be conducted in India. The multi-tranche financing facility modality will provide a pipeline of subprojects, which will help contractors to invest in equipment for projects in remote areas.
Overall	Medium	

ADB = Asian Development Bank , MoRTH = Ministry of Road Transport and Highways, MPWD = Manipur Public Works Department, PIU = project implementation unit.

Source: Asian Development Bank