

RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description	Risk Assessment	Mitigation Measures or Risk Management Plan
A. Public Financial Management		
<p>Country-Specific Risks</p> <p>PFM system is under-regulated and largely practice-based.</p> <p>Weak management skills and capacity</p> <p>Budgetary and fiscal information is highly limited</p> <p>Internal control environment is relatively weak</p>	High	<p>Various ADB TAs are in place (additional grant assistance are in process) to provide capacity building to strengthen PFM arrangements, including raising public accounting and auditing to international standards; and a regional TA on empowering the Office of the Auditor General (OAG).</p> <p>Other development partners are also pursuing PFM reforms in budgeting, public expenditure and PFM systems.</p>
<p>International accounting standards are not fully met</p> <p>Accounting and financial reporting system is still largely manual and paper-based</p>	High	<p>The Office of Auditor General (OAG) is included in the approved RCDTA: Enhancing Roles of Supreme Audit Institution in Selected ASEAN Countries. OAG will work closely with PMU in improving financial reporting and auditing of the Project.</p>
B. Procurement		
<p>Lack of experience of counterpart staff in ADB financial management and procurement procedures will cause delays in project implementation</p>	Medium	<p>Training in financial management procedures acceptable to ADB and the government will be implemented shortly after grant effectiveness, with the participation of all PMU and PIU staff. Consultants will be embedded in the PMU and PIU to provide on the job training in financial management and procurement. PMU/ PIU staff will be provided training on ADB's disbursement procedures. In addition, the EA will provide a procurement work flow chart that shows the timelines and roles for each procurement approval action.</p>
<p>Fiduciary risks, particularly for contracting for national competitive bidding on equipment and civil works related investments</p>	High	<p>Control of the procurement process and supervision of the quality of the work or services delivered will take place through the support of consultants</p>
C. Corruption		
<p>Potential governance issues from weak procurement oversight</p>	Medium	<p>All contracts financed by ADB will include provisions specifying the right of ADB to audit and examine the records and accounts of the executing agency and all Project contractors, suppliers, consultants and other service providers. Individuals/entities on ADB's anticorruption debarment list are ineligible to participate in ADB-financed activity and may not be awarded any contracts under the Project. In addition, the project will (i) build capacity in the EA to understand and comply with</p>

		ADB and government procedures as outlined in the PAM and (ii) widely publicize in communities in the project area the existence of ADB's Office of Anticorruption and Integrity as the initial point of contact for allegations of fraud, corruption, and abuse in ADB-financed projects. A project website will be developed to disclose information about project matters, including procurement. To encourage more stakeholder vigilance as well as ensure greater accountability, a task force will be set up in the EA to receive and resolve grievances or act upon stakeholders' reports of irregularities.
D. Other risks		
The lack of appointment of the required counterpart staff	Low	Roles and responsibilities of the PMU and PIU along with minimum staff requirements and their job descriptions have been prepared. Gender targets have been agreed as per the gender action plan and grant covenants.
Sustainability and O&M of infrastructure assets is not implemented effectively	Medium	The infrastructure assets will be managed through a Public, Private and Community Partnership model (PPCP). Management, operation and maintenance plans with sustainable finance mechanisms will be prepared for both the facilities. Entities and staff tasked with O&M will be provided with capacity building and training
Inadequate coordination with key government stakeholders/ ministries for the delivery of project activities and outputs	Low	The project's National Steering Committee with high level representation of key ministries is aimed to provide planning, coordination, review and monitoring oversight. The project implementation arrangements also clearly outline the roles and responsibilities of the PIU as well as the key multi-sector implementing agencies at the state level.
Retailers will not be willing to pay the rent for the shops in the market	Low	Infrastructure design considers affordability and willingness to pay based on the value chain and social assessments undertaken during project preparation. Rents are based on the retailers and CSO interviews. In addition, the project design includes resources for technical and business development training along with support for a "Made in Mon" branding initiative, to support the development of quality products aligned with local and tourist markets, business growth and to increase sales and corresponding profits.
Potential coordination issues with local CSOs, women's groups, BDS service providers and other stakeholders	Low	The project undertook consultations with a number of stakeholders in Mon state including, CSOs, DPs, tourism sector representatives, retailers, traders and entrepreneurs. The project ensures that bi-annual review and planning meetings will be attended by relevant CSOs, DPs and other stakeholders directly collaborating and implementing the project activities to ensure smooth implementation and greater coordination and synergy of efforts.
Buddhist nationalist drive/ race protection movement may hamper a project on women's empowerment.	Low	The project has built in awareness raising seminars as well as ongoing consultations throughout implementation, for explaining in detail to community men and women and key stakeholders in project sites the detailed design of the project and the benefits to be derived by both men and

Political developments following the elections and the possible lack of progress towards a national peace agreement may lead to sporadic violence in ethnic areas	Low	women. The project is located on the edge of the Karen area, with the project office in an urban area far from areas of likely instability.
Overall	Medium	
