

RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description	Rating	Mitigation Measures	Responsibility
Climate-change-induced disasters in the countryside trigger migration to Ulaanbaatar which outpaces the speed of the program's implementation.	High	The risk has been mitigated by including a policy commitment, taking into consideration anticipated direct and indirect climate impacts in urban and energy planning. Ongoing related technical and financial assistance by ADB, the World Bank, and the Government of Japan will strengthen the resilience of rural livelihoods to climate disasters.	Implementing agencies
Continuing economic weakness prevents the Government of Mongolia from prioritizing the air pollution reduction agenda in Ulaanbaatar.	Moderate	The government's agreement with the IMF on an extended fund facility and an associated multilateral external financing package is expected to stabilize the economy and sustain long-term growth. Given the country's vulnerability to external shocks, a deterioration of the external environment beyond expectations would require additional monitoring to ensure that resources are not reallocated to priorities other than air pollution reduction.	Executing agency
Changes in political priorities impairs the reform program.	Moderate	Continued engagement with the government, including ADB's Management intervention, and close coordination with development partners will support political commitment on the program.	Executing agency
Corruption	Moderate	The policy actions under the IMF-led program and monitoring indicators will ensure strict compliance with the program objectives and thereby minimize risks.	ADB and executing agency
Capacity limitations could constrain the implementation of	Low	Ongoing related technical assistance by ADB, the World Bank, and the Japan	ADB and implementing agencies

the technical aspects of the proposed reforms.		International Cooperation Agency will strengthen capacity in air quality management and air pollution reduction measures.	
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ADB = Asian Development Bank, IMF = International Monetary Fund.

Source: Asian Development Bank.