

RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description	Risk Assessment	Mitigation Measures or Risk Management Plan
The government may not be able to establish a mechanism for setting tariff based on cost-recovery principles. Electricity tariffs may not be raised to cost-recovery levels.	Medium	ADB helped the government set up the Electricity Regulatory Commission, which will be tasked with establishing and implementing tariffs based on cost-recovery principles. The World Bank is also helping the government to study the impacts of tariff subsidies. Further assistance is planned by both ADB and the World Bank.
The large capital investments needed for the long-term expansion of the power subsector may not be available.	High	Development partners are working closely with the government to prioritize investment needs and help the government mobilize financing, including multilateral, bilateral, and private financing.
Weak financial management of the MEPE	Medium	<p>The financial management of the MEPE was assessed by ADB to be medium. On the other hand, the project team, in consultation with ADB's OSFM, found the risks to the MEPE's financial viability to be high.</p> <p>To help mitigate the effects of this financial management weakness, the PIC will help the MEPE execute proper financial management through steps specified in the PIC's terms of reference.^a</p> <p>Addressing the high risk to the MEPE's financial viability will require additional technical assistances from ADB and other development partners to assist the Electricity Regulatory Commission to establish and implement electricity tariffs based on cost-recovery principles.</p>
Implementation could be delayed by the MEPE's unfamiliarity with ADB guidelines and procedures on procurement, recruitment of consultants, and safeguards. Delays could also result from the government's	Medium	<p>ADB procedures and policies regarding procurement, consultant recruitment, and safeguard requirements have been thoroughly discussed with the MEPE and laid out clearly in the PAM. Safeguard documents have been prepared to guide the implementation.</p> <p>Advance contracting for recruitment of the PIC is proposed. The consultant under the project preparatory technical assistance has prepared draft bidding documents for the two main contract packages. These actions will shorten the time needed for procurement.</p> <p>The use of one package for transmission lines and one</p>

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multilayer requirements for evaluating bids and awarding contracts.		package for substations was determined to be the best way to mitigate the risks of delay in procurement. The project will provide the necessary capacity building for the procurement, engagement of consultants, disbursements, and financial management. The PIC will help the MEPE in all these areas.
Cost overruns could occur.	Medium	Cost estimates are based on the latest available data from current projects that MEPE implemented. Sufficient contingencies have been included in the project budget.
Disbursement may be delayed	Medium	All disbursements will be made to suppliers and consultants through direct payment by ADB with no imprest account to eliminate exposure to weak banking systems in Myanmar.
Overall	Medium	

^a Project Administration Manual (accessible from the list of linked documents in Appendix 2 of the report and recommendation of the President.

ADB = Asian Development Bank, MEPE = Myanmar Electric Power Enterprise, MOEP = Ministry of Electric Power, PAM = project administration manual, PIC = project implementation consultants.

Source: ADB estimates.