

RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description	Risk Assessment	Mitigation Measures or Risk Management Plan
Implementation delays due to lack of familiarity with ADB guidelines and procedures on procurement, recruitment of consultants, and disbursements	Medium	ADB will provide support to MOC and Public Works with advance procurement action to ensure bid contracts are prepared, advertised, evaluated, and assessed prior to loan effectiveness. ADB will provide necessary capacity building for procurement, engagement of consultants, disbursements, and financial management. The project implementation consultants will help MOC and Public Works prepare reports following ADB guidelines and procedures. All disbursements for civil works and consulting services will be made to suppliers and consultants through direct payment by ADB to minimize exposure to weak banking systems in Myanmar.
Weak public financial management	High	ADB will provide support to the executing agency during project implementation through the establishment of a financial management system that will support financial management and accountancy training to enable the preparation of financial statements in accordance with ADB guidelines and procedures.
Procurement procedures unfamiliar to implementing agency	High	Procurement packages have been minimized to three contracts (two ICB and four NCB) to mitigate risks and to improve transparency. ADB is providing support to Public Works with advance procurement action in preparing, advertising, evaluating, and assessing bid contracts prior to loan effectiveness.
Limited experience with contract disbursement	Medium	Payments for works and consulting services will be disbursed directly by ADB. An imprest account will be established for incremental administration costs with a ceiling of \$80,000. Payments from the imprest account will require supporting documents in accordance with ADB's <i>Loan Disbursement Handbook</i> (2012, as amended from time to time).
Anticorruption	Medium	The construction supervision consultants will work with Public Works and the PMU to ensure correct road construction methods, use of materials, and payments.
Overall	Medium	

ADB = Asian Development Bank, MOC = Ministry of Construction, ICB = international competitive bidding, NCB = national competitive bidding, PMU = project management unit.

Source: Asian Development Bank estimates.