

## RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risks Description	Risk Assessment	Mitigation Measures or Risk Management Plan
<b>General</b>		
Mandalay city is adversely affected by international economic developments.	Medium	The project has been designed to support priorities of MCDC and MRG, and the union government is committed to support the city's development as a Bi-Polar Development Center to counterbalance with Yangon.
Key PMO staff assigned by MCDC are frequently rotated.	Medium	MCDC will fully consider PMO staff assignment in its long-term personnel assignment and rotation plan.
<b>Technical</b>		
PPP project for new water intake and treatment plant at Dohtawaddy is not completed as planned.	Low	Design of output 1 (improved water supply) has been adjusted to function even without the PPP project.
Poor households do not connect to the centralized water networks.	Medium	Targeted aid for low-income households through flexible installment payment options in payment of connections and lifeline tariffs will be introduced.
<b>Financial</b>		
PMO staff do not have sufficient knowledge and experience in implementation of externally financed projects.	High	Consultant will be engaged to support project implementation and train PMO staff in ADB's requirements and procedures on funds disbursement (including use of imprest fund and SOE procedures) and financial management procedures.
Counterpart funds are insufficient or not provided in a timely manner.	Low	Land acquisition and resettlement has been minimized during project preparation to reduce counterpart funds.
MCDC revenue is insufficient to cover operation and maintenance of project facilities and repay loans.	Medium	MRG and MCDC will ensure that MCDC secures in a timely manner a subsidy, fiscal transfer, or any other financial support from MRG or the union government to cover the shortfall.
Inadequate subsidies are provided during the period of shortfall in water supply and wastewater revenues.	Medium	Consultant will assist MRG and MCDC in estimating shortfalls during construction to enable allocation of sufficient budget for operation and maintenance.
<b>Procurement</b>		
PMO staff do not have sufficient knowledge and experience in implementation of externally financed projects.	High	The number of procurement packages has been minimized.  A consultant will be engaged to support project implementation and train PMO staff in ADB's requirements and procedures on procurement.

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Project implementation is delayed because of slow start-up in recruiting the project implementation support consultant.	Medium	Advance actions will be implemented. ADB will assist PMO in selection of the consultant, provided that MCDC negotiates and signs the consulting service contract.
<b>Governance</b>		
Irregularities in procurement and financial management	Low	Financial management assessment and procurement capacity assessment have concluded that appropriate control mechanisms are in place. ADB's Anticorruption Policy (1998, as amended to date) was explained to and discussed with the government and the executing agencies.
<b>Environmental and Social Safeguards</b>		
Major environmental impacts occur particularly during construction including environment and health conditions for laborers.	Low	Reinforcement of EMP follow-up with inclusion of consultants and external monitoring as part of project management. In PMO, a person acting as a focal point for EMP implementation will be appointed.
Land acquisition and resettlement is insufficiently resourced and implemented.	Low	External monitoring and training are included in project management. In PMO, a person acting as a focal point for resettlement plan implementation will be appointed.
<b>Overall</b>	<b>Medium</b>	

ADB = Asian Development Bank, EMP = environmental management plan, MCDC = Mandalay City Development Committee, MRG = Mandalay regional government, PMO = project management office, PPP = public-private partnership, SOE = state of expenditure.

Source: Asian Development Bank