

## RISK ASSESSMENT AND RISK MANAGEMENT PLAN

<b>Risk Description</b>	<b>Risk Assessment</b>	<b>Mitigation Measures or Risk Management Plan</b>
<b>Governance</b>		
Public financial management: government delay in releasing counterpart funds	Medium	The Asian Development Bank (ADB) will finance 85% of the total investment cost. The government will finance only taxes and duties. This will ease the government's financial burden to provide counterpart funding and ensure adequate cash flow during implementation. (Timeline: during project implementation.)
Procurement: lack of transparency during procurement	Medium	The executing agency will disclose procurement-related information on the project website, such as invitations for bids and basic details on bidding procedures adopted. (Timeline: during the bidding stage.)
Corruption: corruption during project implementation	Medium	The government's Auditor General's Department will annually audit the project financial statements and related financial statements in accordance with international auditing standards and monitor the agencies' procurement, with special attention to procedural propriety in procurement. ADB's Anticorruption Policy (1998, as amended from time to time) was explained to and discussed with the government, Ministry of Highways, Ports and Shipping, and Road Development Authority. (Timeline: during project implementation.)
<b>Other Risks</b>		
Safeguard noncompliance	Medium	Before commencing construction, a due diligence mission will be fielded to confirm that rights-of-way to be handed over to civil works contractors are free of encumbrances and ready for handover, and, as required, inform project authorities and those affected of remedial actions, if any. The mission will ensure project authorities are aware of pertinent ADB social safeguard requirements. (Timeline: during project implementation.)
Implementation delay resulting from the need to prepare detailed engineering designs and prolonged land acquisition and resettlement	High	The Road Project Preparatory Facility is being used to ensure a high state of readiness for implementation of project 1. The government has allocated resources to complete the preparation of other projects by the end of 2014. Advance actions are being taken with the objective of awarding contracts shortly following loan effectiveness. (Timeline: ongoing.)
Inadequate post-project road maintenance	Medium	The civil works contracts will include 3–7 years of performance-based maintenance. Through the capacity development component, the capacity of road agencies for managing performance-based maintenance will be strengthened. (Timeline: during project implementation.)
<b>Overall</b>	<b>Medium</b>	

Source: Asian Development Bank.