

**RISK ASSESSMENT AND RISK MANAGEMENT PLAN**

<b>Risks</b>	<b>Assessment without Mitigation</b>	<b>Management Plan or Measures</b>
<b>Project Implementation</b>		
Infrastructure design and specifications are not appropriate in terms of contracting capabilities, material availability and site conditions.	Medium	Conventional engineering parameters have been adopted. The detailed design will employ international and national engineers familiar with civil works design, quality standards and construction supervision in the Lao PDR. Civil works packages are sufficiently large to attract qualified international and national contractors.
Improper construction methods and equipment supply will cause delays and increase costs.	Medium	Bidding documents will require (i) evidence of satisfactory past performance under similar conditions, (ii) adequate physical plant, (iii) adequate financial capacity of contractors, and (iv) adequate contingencies for unforeseen items. ADB's standard bidding documents and ICB procedures will be followed.
<b>Institutional Arrangements</b>		
Ambiguities in the roles and responsibilities of the PCU and PIUs.	Medium	The composition and responsibilities of the PCU and PIUs have been clearly defined and agreed to in the PAM. The national steering committee will provide guidance on project implementation matters during semiannual planning and review meetings, and resolve any issues.
Private sector and community interest in operating tourism services at sites developed by the project undermined by lower-than-expected tourist arrivals.	Medium	All subprojects are linked to multicountry tour circuits being promoted by all GMS countries. Support to formalize public-private-community partnerships to operate tourist sites and develop tourism services is built into the project design. Destination marketing programs target fast-growing priority markets.
O&M of infrastructure assets is not implemented effectively.	Medium	O&M plans with sustainable finance mechanisms will be prepared for all project facilities, with capacity-building and training programs provided for entities and staff tasked with O&M.
The lack of experience of PIUs with ADB and government financial management and procurement procedures will cause delays in project implementation.	Medium	Training in financial management procedures acceptable to ADB and the government will be implemented shortly after loan effectiveness, with participation by all PIU and PCU staff. Consultants will be embedded in the PCU and PIU offices to provide on-the-job training in financial management and procurement.
Government will not appoint full-time, qualified male and female counterparts.	Low	Job descriptions with minimum qualifications have been prepared for each PCU and PIU position and agreed to in the PAM. Gender targets are specified in the project's gender action plan and loan covenants.
Inadequate coordination with other GMS countries leads to asynchronous implementation of subregional activities.	Medium	The project's subregional steering committee and senior PCU and NTO staff from all GMS countries will meet twice annually in conjunction with the GMS Tourism Working Group to jointly plan subregional activities.

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<b>Project Costs</b>		
Project cost estimates may understate actual costs due to unforeseen circumstances such as inflation or additional works.	Medium	The project has (i) used conservative cost estimates, (ii) will follow ADB procurement guidelines for civil works contracts, and (iii) has included price and physical contingencies to cover any unforeseen events.
<b>Financial Management</b>		
Weak public financial management systems, particularly accounting, budget preparation and execution, cash planning and performance measurement.	High	Compliance with financial management, reporting and auditing requirements will be monitored by review missions and during normal program supervision, and followed up regularly with concerned agencies and individuals, including the external auditor. The project will coordinate with ongoing ADB, World Bank and other programs to strengthen public financial management.
Shortage of skills in financial management, including financial analysis, management accounting, financial reporting and audit.	High	Counterpart staff will be provided with financial management, accounting, and procurement training by the international and national financial management and procurement consultants. Counterparts will participate in periodic disbursement and financial management seminars conducted by ADB's Controller's Department.
Potential corruption resulting from weak procurement oversight.	Medium	Standard ADB bidding documents and procedures will be used. Grievance redress procedures, including misuse of funds, will be published on the project website, and mechanisms put in place to address any grievances received.
<b>Social &amp; Environmental Safeguards</b>		
Increased volumes of tourists will overwhelm infrastructure and services at project sites, causing negative environmental impacts.	Medium	Project infrastructure and utilities have been designed to accommodate demand to at least 2030 based on projections for tourist arrivals. The IEEs and EMPs prepared for each project site cover the pre-construction, construction and operations phase of infrastructure subprojects, and will be updated during project implementation.
The government and private sector do not plan for the impacts of climate change and fail to put in place adequate measures to address the results of extreme climatic events.	Medium	Climate change considerations have been incorporated into the infrastructure design. The IEEs, EMPs, and climate resilience measures will be reviewed and updated in parallel with the detailed design of civil works.
Delays in updating and implementing resettlement plans will delay the award of civil works contracts.	Medium	International and national resettlement specialists will be recruited to assist the PCU and PIUs with timely updating of the plans and implementation and monitoring of resettlement activities.
<b>Overall</b>	<b>Medium</b>	

ADB = Asian Development Bank, EMP = environmental management plan, GMS = Greater Mekong Subregion, ICB = international competitive bidding, IEE = initial environmental examination, Lao PDR = Lao People's Democratic Republic, NTO = national tourism organization, O&M = operations and maintenance, PAM = project administration manual, PCU = project coordinating unit, PIU = project implementation unit.