

RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description	Risk Assessment	Mitigation Measures or Risk Management Plan
Public Financial Management Weak financial management and funds flow arrangements	Medium	Direct payment method and letter of commitment will be used, with no imprest account. Barki Tojik has a satisfactory record with previous ADB projects.
Staffing deficiencies	Medium	The SOPI consultants will address staffing deficiencies through extensive training as defined in their terms of reference. Reorganization will consider appropriate allocation of senior staff members to ensure knowledge is retained.
Accounting policies, procedures, and systems	High	The SOPI consultants (with World Bank assistance for financial capacity development) will work to complete the implementation of IFRS together with a computerized accounting system.
Internal and external audit	High	The SOPI consultants (with World Bank assistance for financial capacity development) will work to improve Barki Tojik's internal audit function and the widespread implementation of IFRS. External auditing based on International Standards of Accounting will be maintained.
Weak reporting and monitoring practices	Medium	Ongoing corporate restructuring under the ADB Regional Power Transmission Project ^a will improve management reporting practices and result in better decision making. The PMU will be assisted by project implementation consultants and ensure timely preparation of reports.
Procurement Insufficient capacity of Barki Tojik and PMU to manage procurement and contract administration	Medium	ADB will assist in the recruitment of implementation consultants. Implementation consultants, who will be actively involved with the project after the contract award, will assist in the procurement of turnkey contractors.
Too few bidders respond to the invitation to bid	Low	Known bidders are to be kept informed about the schedule, and their level of interest is to be monitored.
Corruption Transparency measures are not implemented in a timely or effective way	Medium	Barki Tojik is implementing multiple investment projects financed by multilateral and bilateral financing institutions. Barki Tojik demonstrates a high degree of cooperation with these institutions in a transparent manner. Additionally, SOPI consultants are assisting Barki Tojik to improve financial and corporate management and reporting.
Technical Transportation of large and heavy transformers to Rudaki substation, and risk of equipment damage in transit	Medium	Bid documents will specify that the contract include a detailed transportation logistics plan, and that goods be insured from point of origin to installation onsite.
Location of transmission towers in unsafe grounds	Medium	The contractor will be requested to undertake additional investigations of tower locations, in particular soil investigations at the locations and in the surrounding area. The project implementation consultant will supervise the process.

Delay in project implementation	Medium	The PMU has experience with similar projects. The project implementation consultants will supervise installation, manage contracts and finances, and monitor environmental programs and reports.
Time and cost overruns during implementation	High	Bid documents will envisage lump sum payment with significant penalties for late completion.
Operation and maintenance	Medium	The project implementation consultants together with Barki Tojik staff will develop a plant operation and maintenance plan that will be approved by Barki Tojik management before commissioning of the first rehabilitated unit.
Overall	Medium	

ADB = Asian Development Bank, IFRS = international financial reporting standards, PMU = project management unit, SOPI = sector operational performance improvement.

^a ADB. 2010. *Report and Recommendation of the President to the Board of Directors: Proposed Grant to the Republic of Tajikistan for the Regional Power Transmission Project*. Manila.

Source: Asian Development Bank.