

RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description	Risk Assessment	Mitigation Measures or Risk Management Plan
Public Financial Management		
Poor financial management capacity of executing agency is a risk to the project	Medium	Assam Power Sector Investment Program includes number of measures including training and capacity building, preparation of accounting manuals, introduction of computerized management system and undertaking and assurances to improve financial management.
Poor financial health of APDC	High	ADB initiated high level policy dialogue with the GOA to restore the financial shape of APDCL. Concrete measures such as complete financial restructuring and revision of on-lending agreement between the Borrower and the executing agency have been offered. ADB's TA funds will be provided to study system loss reduction and formulate loss reduction strategy and financial management and financial restructuring.
Governance		
Electricity theft and collusion between customers and meter readers has been identified as a form of corruption that materially impacts on APDC's financial performance	Medium	Metering and billing component of tranche 2 will directly address this issue.
Delays in the acquisition of land	Low	Land acquisition has been minimized by design. There will be no land acquisition from private sources for obtaining the sites. New substation will be constructed in the Government land. The land transfer has already been initiated by APDCL. Remaining works will be refurbishment, modernization and renovation of the existing substations and medium and low voltage distribution lines.
Possible delays in mobilizing counterpart funds	Low	GOA and APDCL have provided assurances on the timely provision of counterpart funding.
Procurement		
Delays in procurement and contract awards	Low	ADB approved advance contracting for the project. Procurement processes have commenced.
Others		
Increase in raw material prices resulting in increase of project costs	Low	The capital expenditure estimates are benchmarked to recent projects in India. Project cost estimates use a lower exchange rate than the existed rate.
Power generation capacity does not expand to meet demand growth	Medium	A multitranche financing facility for Assam was approved in July 2014 which provides funding for 190 MW of new generation capacity. Assam will also receive 990 MW

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Overall	Low	of power from the new centrally owned power stations in north –east region.

ADB = Asian Development Bank, APDCL = Assam Power Distribution Company Limited, GOA = Government of Assam, MFF = multitranches financing facility, MW = megawatt, TA = technical assistance.

Source: Asian Development Bank.