

## RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description	Rating	Mitigation Measures	Responsibility
<b>A. Public Financial Management</b>			
1. The implementation of the Public Financial Management Reform Program, 2007–2018 could be slow and delayed.	M	ADB to continue policy dialogues and support to the Government of Uzbekistan to (i) advance and roll out public financial management systems to sector level, and (ii) pilot solution-oriented approaches for public management improvement in priority sectors through TA and other means.	MOF, MFERIT, UTY, ADB
<b>B. Procurement</b>			
2. Delays in bidding process caused by lack of familiarity with ADB procurement guidelines and complex procedures prescribed by the national legislation.	M	UTY/PIU has gained substantial experience with procurement under ADB guidelines. Staff turnover has meant some of the experience needs to be augmented. UTY/PIU will, therefore, be assisted by PPTA and supervision consultants in preparing bids and managing international procurements including the process of bid preparation, evaluation, award of contract and its administration. In addition, PIU procurement staff will receive on-the-job training by procurement consultants and formal training by Uzbekistan’s Resident Mission, with the long-term objective of systematically institutionalizing a strong procurement function within UTY. All procurement-related documentation will be subject to prior review by ADB.	UTY/PIU
3. Multiple layers of review and approving authorities, lengthy procedures to register contract and verification of contract price cause procurement and implementation delay.	S	Linked to renewed efforts of the government on improving the efficiency of infrastructure projects, ADB will continue its dialogue with the government to simplify the approval procedure and remove the contract price verification when registering contracts for ADB-financed projects.	MOF, MFERIT
4. Complex coordination between UTY, Uzbekenergo, respective design institutes and local authorities may introduce delays to procurement packaging and project implementation.	S	UTY as the executing agency will perform systematic coordination with Uzbekenergo under a formalized agreement, and in further coordination with design institutes and local authorities, PPTA and supervision consultants will support UTY in this regard.	UTY, Uzbekenergo, local authorities
<b>C. Corruption</b>			
5. Limited capacity and accountability in implementation and oversight institutions.	M	Relevant provisions of ADB’s Anticorruption Policy will be included in the loan and project agreements and the bidding documents, which allows ADB to audit and examine the records and	UTY

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		accounts of the PIU, and all activities related to the project. Ministry of Finance and MFERIT will monitor the project. Regulatory bodies will closely monitor technical aspects.	
6. National regulations and local/market practices on corporate governance do not promote public transparency, especially for state-owned companies.	M	Assistance of the recruited international consultants in the project's overall oversight will ensure better performance of transparency measures. UTY website will be used as a platform to provide wider access to information about the project activities and improve the transparency. Project quarterly bulletins will be prepared and posted on UTY website.	UTY
<b>D. Other risks</b>			
7. Competition from road transport reduces uptake of railway services.	S	Continue to engage in policy dialogue with the government to ensure the appropriate coordination among modes as part of government policy. Support the further client orientation of UTY's services to retain both freight and passenger traffic.	MOF, MFERIT, UTY, ADB
8. Limited coordination of infrastructure development activities in the region.	M	Use CAREC as a platform to coordinate the sound development of railway corridors across countries. Support the implementation of the CAREC Railway Strategy developed by all CAREC members in 2016 to this effect. In particular, facilitate dialogue between Uzbekistan and neighboring countries on the coordination of infrastructure and system development in the railway sector.	CAREC countries, ADB
9. Increased danger to the general public along the railway due to the electrification and increased train speed/ frequency.	S	As a project output, provide support to improving the safety of railway operations in the Fergana Valley.	UTY/PIU
10. Lack of attention to operation and maintenance.	L	UTY has an established record of ensuring sufficient attention to operation and maintenance. UTY staff will continue to undergo specialized training to operate and maintain the electrified rail line.	UTY/PIU

H = high, S = substantial, M = moderate, L = low.

ADB = Asian Development Bank, CAREC = Central Asia Regional Economic Cooperation Program, MFERIT = Ministry of Foreign Economic Relations, Investment and Trade, MOF = Ministry of Finance, PIU = Project Implementation Unit, PPTA = project preparatory technical assistance, UTY = O'zbekiston Temir Yo'llari.

Source: Asian Development Bank.