

RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risks	Assessment without Mitigation	Management Plan or Measures
A. Contextual Risks		
Implementation delay of capital expenditure and infrastructure development due to regulatory and political processes	Medium	The Government of Indonesia and the Parliament recognize that reforms to accelerate infrastructure development are key to achieving the country's growth potential. The protracted global recovery and slowing economic growth domestically enhance the momentum of reform in this area. To mitigate this risk, the government monitors progress in infrastructure and connectivity development through a high-level connectivity task force and the Unit Kerja Presiden Bidang Pengawasan dan Pengendalian Pembangunan (President's Delivery Unit for Development Monitoring and Oversight).
Increased and volatile international fuel prices	Medium	Further increases in international fuel prices could lead to a reduction in the government's capital and other spending required for reforms supported under this program. The government raised fuel prices by an average 30% in June. The revised 2013 budget also allocates temporary social assistance to mitigate the impact of a higher fuel price on the poor.
Upcoming election and transition to a new government	Low	The new government may have different policy on the Master Plan for Acceleration and Expansion of Indonesia's Economic Development, 2011–2025 (MP3EI). The MP3EI focuses on three development pillars that would remain relevant in the medium term. It is designed to be a living document, allowing the new government to enhance its approach to the same economic challenges.
B. Risks Specific to the Countercyclical Program		
Varying degrees of government institutional capacity and weak coordination	Medium	These risks are mitigated by the following factors: (i) The government has developed implementable infrastructure lists to support connectivity, (ii) a better coordination mechanism has been put in place in the form of a connectivity and logistics working group, and (iii) measures to improve capacity in project implementation and procurement are also ongoing.
Overall	Medium	

Source: Asian Development Bank.