

RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description	Rating	Mitigation Measures	Responsibility
Governance 1.Delays in timely provision of counterpart funds	L	The Government of the Kyrgyz Republic has provided assurance as to the timely release of counterpart funds.	Government of the Kyrgyz Republic
2.Collusion, corruption, and cartel conduct among bidders	L	The project team will provide extra due diligence to ensure that ADB procurement and consulting services guidelines are met	ADB and MOTR
Implementation 3.Procurement delays	M	The project design advance was approved in 2015 and used to finance a detailed design consultant for ADB-financed sections; the consultant was mobilized in February 2016. For phase 1, detailed design was completed and bidding for the civil works contract was initiated in May 2017. For phase 2, the detailed design was completed and the bidding for the civil works contract will be initiated in June 2018.	MOTR, with monitoring by ADB
4.Cost estimates of some project elements underestimated	L	At the feasibility stage, physical contingencies were computed at 10% for civil works and consulting services. Price contingencies were computed according to ADB cost escalation factors, including a provision for potential exchange rate fluctuation assuming a purchasing power parity exchange rate. The detailed design consultant helped the MOTR finalize the design and prepare accurate cost estimates, and will help prepare and evaluate bid documents.	MOTR, with monitoring by ADB
5.Breakdown of the accounting system	L	The accounting system is computerized and IPIG staff are well trained in the use of the software. Frequent system backups will be suggested.	MOTR with monitoring by ADB
6.Delays in submitting audit reports	L	The agreed submission schedule of audit reports to ADB will be closely monitored.	MOTR, with monitoring by ADB
7.Weak vetting controls over payments to	L	The MOTR will strictly adhere to the guidelines and procedures outlined	MOTR, with monitoring by

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contractors and consultants		in the project administration manual and ADB's <i>Operations Manual</i> .	ADB
8.Safeguards noncompliance	M	Safeguards support and training are being provided during project preparation. An additional resettlement monitoring specialist has been budgeted for to help the MOTR monitor the finalization and implementation of the resettlement plan.	MOTR, with monitoring by ADB
9.Safeguards complaints and delay in project implementation	M	Meaningful consultations with nongovernment organizations and local residents are being conducted during project preparation. A grievance redress mechanism has been set up to address complaints.	MOTR, with monitoring by ADB
Sustainability 10. Absence of an effective road maintenance mechanism, undermining sustainability	L	A road asset management system will be designed and implemented to help the government manage its assets better. The government is also implementing ongoing road sector reforms. Phase 2 includes a performance-based road maintenance component.	MOTR, with monitoring by ADB
Overall	L		

L = low, M = medium.

ADB = Asian Development Bank, MOTR = Ministry of Transport and Roads.

Source: ADB.