

RISK ASSESSMENT AND RISK MANAGEMENT PLAN

| Risk Description | Rating | Mitigation Measures | Responsibility |
|--|---------------|---|------------------------|
| <p>Sustainability Changes in government priorities shift resources away from axle load control.</p> | Substantial | <p>MPWT's capacity in controlling axle load is being strengthened under the ongoing capacity development technical assistance for Institutional Capacity Building in the Road Sector to control overloaded trucks in a sustainable manner, in addition to making the key six weigh stations and two additional mobile teams under the project operational. A strategy (with an action plan) to combat vehicle overloading will also be prepared.</p> <p>Conduct intensive project reviews, detailed due diligence, and close monitoring to ensure effectiveness of weigh stations and mobile teams operations</p> | <p>MPWT</p> <p>ADB</p> |
| <p>Social CLSs are not implemented including equal pay for work of equal value</p> | Low | <p>Ensure full information about CLSs is provided to all contractors' laborers and keep accurate records of the compliance with CLSs and report these through quarterly progress reports to ADB</p> <p>Conduct intensive project reviews to verify compliance with CLSS</p> | <p>MPWT</p> <p>ADB</p> |
| <p>Governance Corruption</p> | Moderate | <p>Establish the project website and populate with information about the project in English and Khmer, including information on project procurement.</p> <p>Provide support to MPWT in procurement under the ongoing project preparatory TA Additional Financing through DED consultants</p> | <p>MPWT</p> <p>ADB</p> |
| <p>Financial Management Weak financial management capacity</p> | Moderate | <p>Hire an additional accountant and operationalize a new accounting software (Sage 50) to simplify financial and accounting recording and reporting.</p> <p>Closely monitor the effectiveness of Sage 50 during project review missions</p> | <p>PMU3</p> <p>ADB</p> |

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|---|-----------------|--|--|
| Procurement Lack of understanding on the principles of hybrid PBC delays procurement of civil works | Substantial | Training for MPWT and contractors on hybrid PBCs will be provided by the detailed engineering design consultant prior to bidding, and as well as by the implementation and construction supervision consultants during implementation. | DED consultants under the ongoing project preparatory TA Additional Financing and ICS consultant to be recruited under the project |
| ICS consultant may not provide proper supervision of completed works, monitoring of performance criteria, and applying penalties for noncompliance of contractors | Low | Conduct due diligence on ICS consultant's performance and provide recommendations on corrective actions for implementation. | Technical auditor to be engaged under the project |
| Overall | Moderate | | |

ADB = Asian Development Bank, CLS = core labor standard, DED = detailed engineering design, ICS = implementation and construction supervision, MPWT = Ministry of Public Works and Transport, PBC = performance-based contract, PMU = project management unit.

Source: Asian Development Bank.