

RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description	Rating	Mitigation Measures	Responsibility
1. Public financial management: internal control	Moderate	A financial management assessment has been undertaken. The government has established financial management systems in the RHD. Pre-audit will be done by the accounts officer before any payment is made by the PIU. (Timeline: during project implementation)	RHD
2. Delay in releasing counterpart funds	Moderate	Sufficient funds for land acquisition and resettlement activities are budgeted. The PIC will help flag the fund requirement well in advance.	RHD
3. Procurement: lack of experienced procurement staff and transparency during procurement	Moderate	The consultant under phase 1 is assisting the PIU in the preparation of draft bid documents for civil works and recruitment of a consulting firm under advance action. ADB will provide training on procurement guidelines. A procurement advisor will be engaged by ADB to facilitate and monitor the procurement process. The government will disclose procurement-related information on the project website, such as invitations for pre-qualification or bids, and basic details of the bidding procedures adopted. (Timeline: during the bidding stage)	RHD
4. Limited interest of the construction industry in the works	Moderate	The contracts are presented in large packages to attract qualified international and national contractors. The MFF modality will provide a pipeline of procurements, which will help contractors invest in equipment for projects in remote areas.	RHD
5. Corruption: corrupt practices in project implementation	Moderate	The auditor general of the government will audit the project financial statements and related financial statements annually in accordance with international auditing standards, and monitor the agencies' procurement, with special attention to procedural propriety. ADB's Anticorruption Policy (1998, as amended from time to time) was explained to and discussed with the government and the RHD (Timeline: during project implementation)	Auditor General
6. Inadequate post-project road operation and maintenance	Moderate	The civil works contracts will include performance-based maintenance for 6 years. The capacity development component will strengthen the RHD's planning and performance management capacity (Timeline: during project implementation)	RHD

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7. Implementation delay	High	Any implementation delay will likely be caused by delays in land acquisition and resettlement or in the procurement progress, and result in cost overrun. Resettlement plans have been prepared for all project roads under the MFF. The RHD has initiated land acquisition and resettlement in January 2017 to complete the process in a timely manner. Advance activities for the procurement of civil works began in May 2017. (Timeline: ongoing)	RHD
8. Noncompliance with safeguards	Substantial	Before construction begins, a due diligence mission will be fielded to (i) confirm that rights-of-way handed over to civil works contractors are free of encumbrances and ready for handover, and (ii) inform project authorities and those affected of any remedial actions. The mission will create awareness among the project authorities about ADB's pertinent social safeguard requirements (Timeline: during project implementation)	ADB and RHD
9. Unstable security conditions delay project implementation	Moderate	ADB and the RHD will closely monitor the potential impacts caused by the development and security situation, and decide on the specific actions.	ADB and RHD

ADB = Asian Development Bank, MFF = multitranches financing facility, PIC = project implementation consultants, PIU = project implementation unit, RHD = Roads and Highways Department.
Source: Asian Development Bank.