

**RISK ASSESSMENT AND RISK MANAGEMENT PLAN**

<b>Risk Description</b>	<b>Rating</b>	<b>Mitigation Measures</b>	<b>Responsibility</b>
<b>Technical</b>			
Lack of technical capability to ensure quality of road works	Low	MRD's has built its supervising capacity through upstream projects (RRIP <sup>a</sup> and RRIP II <sup>b</sup> ).  Consultants to help with pavement design and construction supervision	MRD
Delays in construction because of poor weather	Low	The construction plan includes the possibility of delays caused by weather conditions  The contractor will prepare a catch-up plan for the dry season if weather conditions become severe.	MRD
<b>Economic and Financial</b>			
Project roads suffer serious damage from severe and frequent disasters triggered by natural hazards.	Low	Disaster and climate resilient road design will be applied based on the experience in upstream projects (RRIP and RRIP II).	MRD
Insufficient financial sustainability for appropriate road maintenance	Moderate	Application of rural road asset management regime through previous and ongoing ADB projects  Provision of sufficient budget for road maintenance	MRD, MEF
<b>Governance</b>			
Bid evaluation issues <sup>c</sup> (as indicated in OAI's PPRR reports for RRIP and RRIP II) <sup>d</sup>	Substantial	PMU consists of experienced staff who know the lessons learned from the previous procurement in RRIP and RRIP II.  Prior review of all submissions by ADB  Procurement oversight by MEF	MRD, MEF, ADB
Corruption may happen during financial management.	Low	Implement good governance framework to strengthen internal controls  Close coordination with MEF	MRD, MEF

Risk Description	Rating	Mitigation Measures	Responsibility
Financial management risk caused by significant turnover of junior staff	Moderate	Recruit sufficient staff and provide training to junior PMU staff	MRD
<b>Overall</b>	<b>Moderate</b>		

ADB = Asian Development Bank; MEF = Ministry of Economy and Finance; MRD = Ministry of Rural Development; OAI = Office of Anticorruption and Integrity; PMU = Project Management Unit; PPRR = project procurement-related review; RRIP = Rural Roads Improvement Project.

<sup>a</sup> ADB. 2010. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Kingdom of Cambodia for the Rural Roads Improvement Project*. Manila (Loan 2670-CAM).

<sup>b</sup> ADB. 2014. *Report and Recommendation of the President to the Board of Directors: Proposed Loan and Administration of Grant to the Kingdom of Cambodia for Rural Roads Improvement Project II*. Manila (Loan 3151-CAM).

<sup>c</sup> PPRR issued in September 2016 provided recommendations to address the following key findings: (i) noncompliance with ethical standards declaration; (ii) unclear requirements and narrow specifications; (iii) weaknesses in the evaluation process and documentation; and (iv) road defects. The follow-up review conducted from 10 to 21 July 2017 indicated that MRD made significant progress in implementing the recommendations. For procurement, out of 5 recommendations, 2 were fully implemented, 1 was partially implemented, and 2 remained to be implemented, mainly because MRD had no opportunity to implement recommendations specific to the shopping mode of procurement. The recommendations are as follows:

- fully implemented: (i) consistently apply the evaluation criteria and adopt a consensus approach in the assessment of the proposed experts; (ii) sign the declaration of adherence to highest ethical standards for every package of bids evaluated.
- partially implemented: apply due diligence in evaluating the bidders' financial capacity.
- to be implemented: (i) distinguish mandatory and optional requirements, use updated specifications and requirements, and avoid references to brand names in the bidding documents for shopping contracts; (ii) accurately document the treatment of deviations and basis for procurement decisions in shopping contracts.

<sup>d</sup> ADB. 2016. *Project Procurement-related Review, Loan 2670-CAM: Rural Roads Improvement Project and Loan 3151-CAM(SF) and Grant 0401-CAM: Rural Roads Improvement Project II*. Manila; and ADB. 2017. *Follow-up Review of the Implementation of Project Procurement-related Review Recommendations, Loan 2670-CAM: Rural Roads Improvement Project and Loan 3151-CAM(COL) and Grant 0401-CAM: Rural Roads Improvement Project II*. Manila.

Source: Asian Development Bank.