

RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description	Rating	Mitigation Measures	Responsibility
1. Volatile security in project area	H	Civil works will be procured in small to medium-sized packages to involve local contractors. The contractors are allowed to make their own security arrangements. The community development works will create a sense of ownership and gain support of local communities for the project.	MPW, National Security Council, contractors
2. Financial sustainability of O&M	S	In the short and medium term, ADB's ongoing Road Asset Management Project will provide maintenance for selected major highways and develop a holistic asset management system to help the government prioritize O&M works. In the long term, USAID's Road Sector Sustainability Program is supporting road subsector reform by establishing a road authority and road fund that will help develop and allocate O&M resources.	Government, development partners
3. Corruption	S	Establishment of the NPA has significantly improved transparency of public procurement. The PMO's improved capacity, especially in financial management and contract management, has substantially mitigated corruption at the operational level.	Government, development partners
4. Unsustainable implementing capacity	M	The PMO's capacity substantially improved after its restructuring in 2015. ADB, through the project, will continue to provide support to further strengthen the capacity of the PMO and MPW. This will alleviate the staff's concerns on job security and hence mitigate staff turnover.	MPW, ADB
5. Contractual risks	L	Civil works will be contracted in three small or medium-sized packages so as to distribute the contractual risks and increase competition.	MPW, ADB
6. Lack of support of local communities	L	The community development works will involve the local communities and hence gain their support for the project.	MPW, PMO, local authorities
7. Procurement risks	M	Establishment of the NPA has significantly improved transparency of public procurement. AFRM's procurement capacity has been strengthened with an outposted OSFMD procurement specialist and a national procurement officer. The single-stage-one-envelope bidding procedure will be used to minimize bid evaluation time.	NPA, MPW, PMO, ADB

ADB = Asian Development Bank, AFRM = Afghanistan Resident Mission, H = high, L = low, M = moderate, MPW = Ministry of Public Works, NPA = National Procurement Authority, O&M = operation and maintenance, OSFMD = Operations Services and Financial Management Department, PMO = Program Management Office, S = substantial, USAID = United States Agency for International Development.

Source: Asian Development Bank.