

## RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description	Risk Assessment	Mitigation Measures or Risk Management Plan
<b>A. Implementation</b>		
1. Lack of government policy support for modal shift from use of private vehicles to use of public transport.	High	The government, Ha Noi Peoples' Committee (HPC), and Ha Noi Metropolitan Railway Management Board (MRB) will (i) prepare future projections for use of public transport and approve implementing rules for the modal shift, and (ii) the cofinanciers will support the implementation of policy measures with adequate refinancing and improvement of HPC's and MRB's capacity through training.
2. Public transport systems not integrated because measures are implemented ineffectively, and fare pricing structure is not affordable.	Medium	The government, HPC and MRB will prepare future projections for use of public transport and approve implementing rules for the modal shift. A Financial Management and Sustainability Action Plan (FMSAP) will be prepared under the additional loan to explore and develop alternative models for revenue generation to finance public transit.
3. Unfamiliarity with Asian Development Bank (ADB) environmental, involuntary resettlement safeguards and other social issues policies.	Low	Project management support to MRB to include support for monitoring safeguard mitigation measures. MRB to strengthen staffing of social unit, including recruitment of gender focal point
4. Failure to maintain project components once operational.	Low	Components mostly enhance current systems that have operation and maintenance (O&M) budget. HPC budget sufficient to assure adequate extra O&M funds can be provided.
5. Costs increase more than expected and the project is delayed.	Medium	International experts will be engaged to support project management. Cofinanciers will monitor contract costs regularly. HPC will cover additional project costs.
6. Local government approvals of Land Acquisition and Resettlement (LAR) activities are delayed.	Medium	Requirements on LAR related documentation are communicated to city and district authorities and correctness of documentation and timeliness of their approvals closely monitored by consultants, MRB, and the cofinanciers.
<b>B. Public Financial Management</b>		
1. Sustainability of the project is undermined by a lack of financial subsidies by HPC and uncertainty over sufficient O&M capacity of the rail system operator after construction.	Medium	The government will avail of loans for sustainable transport and infrastructure development. Strong financial covenants in the loan agreements for the additional financing require the preparation of an FMSAP to explore and develop alternative models for revenue generation to finance

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		public transit and private sector engagement in O&M..
2. Lack of MRB's financial management capacity may pose an integrity risk and delay project implementation.	High	ADB will help MRB set up an integrated financial project management and accounting system and train MRB staff to operate the system.
3. Unclear funds flow arrangements under the project may delay disbursements and project implementation.	Medium/Low	Under the government guidelines on financial management of official development assistance programs (Circular 108/2007/TT-BTC of the Ministry of Finance), the mode of transfer to be determined in the project investment decision. Dedicated bank account set up to channel loan disbursements. Ministry of Finance to issue a circular letter to the HPC and MRB providing guidelines and criteria for eligible project expenditures in accordance with the loan agreement.
<b>C. Corruption</b>		
1. Limited capacity for accountability in implementation and oversight institutions.	Medium/Low	The FMSAP will include a clear description of financial management procedures to guide project staff and to ensure identified accountable agencies comply with specific tasks.
2. Lack of a clear project communication plan may risk project transparency and public engagement.	High	The cofinanciers and MRB are preparing a communication strategy for the short, medium, and long terms that will ensure that project information is disseminated more widely and understood by the public and that transparency is improved.
3. Procurement collusion	Low	The FMSAP to include a clear description of financial management procedures to guide project staff. Project management consultants to support bidding process and evaluation of bids. ICB limits ability of companies to collude.
4. Internal control and accounting	Medium	Strengthened internal controls with the HPC and MRB to include regular internal technical and financial audits, and specific requirements for accounting evidence, with payment verification to be segregated from project management. ADB will help MRB set up an integrated financial project management and accounting system and train MRB staff to operate the system. The FMSAP will include a clear description of financial management procedures to guide project staff.
<b>Overall</b>	<b>Medium</b>	