

RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description	Risk Assessment	Mitigation Measures or Risk Management Plan
<p>Financial Management The Rajasthan government is unable to provide counterpart funds for the SDP.</p>	Medium	RUIDP and the state government will prepare a detailed contract award and disbursement plan for the SDP, which will help the government to program counterpart funds in its annual budget.
<p>The Rajasthan government may not implement the proposed institutional and staffing arrangements of the corporatized entities—state urban development organization and Jaipur city water and wastewater utility.</p>	Medium	The government will review and establish a proper institutional structure for the corporatized entities to ensure functional autonomy while maintaining accountability to the government and residents. The government will ensure competent staff in these organizations allowing them to recruit from the market. The capacity-building support under the SDP will help the organizations establish proper operating systems.
<p>Financial sustainability is lacking due to water and sewerage tariffs not being rationalized for full O&M cost recovery.</p>	Medium	The state government is committed to implementing sector reforms, creating infrastructure, and improving service delivery. It has agreed to develop a road map to have (i) a city-specific tariff structure instead of uniform tariffs for the entire state, and (ii) full cost recovery in a phased manner starting with partial (30%) O&M cost recovery by 2017 and full O&M cost recovery by 2019 in the project cities. While the government does not envisage full capital cost recovery in the near future, introduction of a property tax will generate funds for municipal bodies for capital investments in the urban sector. Moreover, the government is implementing a systematic and institutional transfer of funds from the state to municipal bodies through the Finance Commission.
<p>Consumer willingness to pay revised tariffs is low, possibly affecting cost recovery.</p>	Medium	The SDP will implement a public awareness program that will educate consumers on tariffs and associated improvement in access to quality services. The program will commence at the start of WSS system construction and continue throughout implementation.
<p>Procurement Delays in project implementation, including availability of clear sites, may result in cost and time overruns.</p>	Medium	LSGD and UDH will assign qualified staff to RUIDP and minimize staff turnover. The project management, design, and supervision consultant will support project management, safeguards, reporting, and training on FIDIC contracts. Large contract packages will be designed to attract competent bidders. RUIDP will ensure possession and security of land required for project works.
<p>Power is not available for the wastewater treatment plants.</p>	Medium	RUIDP will ensure a dedicated 24-hour power supply line for the WWTPs from the national electricity grid. Energy generation from sludge and back-up diesel generators will be installed in the WWTPs.
<p>Consultant and staff</p>	Medium	The state government and RUIDP will prepare a human

Risk Description	Risk Assessment	Mitigation Measures or Risk Management Plan
turnover is high.		resources plan to attract and retain competent staff and consultants. The government will monitor its strict implementation.
Others		
Lack of coordination of various agencies may result in suboptimal outcomes.	Medium	The government will regularly consult all important stakeholders such as political parties, elected representatives, municipal bodies, civil society organizations, media, and other interest groups; and build their support for the proposed reforms. The project steering committee and city coordination committees will provide direction and guidance for coordination. The roles, responsibilities, and functions of RUIDP, PHED, and municipal bodies will be clearly delineated.
Households do not connect to the sewerage system.	Medium	The project will implement (i) information and communication campaigns, including hygiene and sanitation to change behavior; and (ii) incentives for economically disadvantaged households, including connections to sewers.
The water supply network is not operated properly after construction is complete.	Medium	The SDP will include O&M embedded construction contracts combining design, construction, and O&M for water supply and wastewater contracts for a sufficiently long period (7–10 years).
Nonproject cities do not improve service delivery.	Medium	The state government will ensure use of own funds, transfers from the Government of India, and proceeds from the program loan to invest in the urban sector in the nonproject cities.
Solid waste management problems are not effectively resolved leading to suboptimal wastewater outcomes.	Medium	The state government will strictly enforce the solid waste management rules, and coordinate with municipal bodies to effectively implement the plans.
Climate change related risks adversely affect the construction schedule, and longevity of infrastructure components of the project due to extreme events.	Medium	Risk screening will identify the type and intensity of climate risk the SDP will encounter. If risks are found to be relevant, adaptation or resilience measures to protect the investments from pre-identified risks will be incorporated into the project design.
Overall	Medium	

ADB = Asian Development Bank, FIDIC = Fédération Internationale des Ingénieurs-Conseils, LSGD = Local Self Government Department, O&M = operation and maintenance, RUIDP = Rajasthan Urban Infrastructure Development Project, SDP = sector development program, WSS = water supply and sanitation, UDH = Urban Development and Housing Department, WWTP = wastewater treatment plant.

Source: Asian Development Bank.