

RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risks	Assessment without Mitigation	Management Plan or Measures	Assessment with Mitigation
Governance			
Lack of capacity in service delivery	Medium	The project includes technical assistance for building capacity for water supply and sanitation service delivery through training for the NWSDB (JRO), the JMC, urban councils, selected <i>Pradeshiya Sabhas</i> , ^a and the Water Resources Board.	Low
Essential water tariff revisions are not undertaken	High	Government to assure in loan agreement	Medium
Sewerage tariff does not cover operations and maintenance	High	Government to assure in loan agreement	Medium
Other Risks			
Economic growth cannot be easily projected	Medium	Because of the 30-year conflict, unrestricted access only recently became possible. Because of the Northern Province's uncertain economic growth potential, the project constitutes just the first phase of an adopted phased approach. The project covers basic requirements for a 20-year projected population and a conservative growth pattern.	Low
Water demand grows at a slower or more rapid pace than planned	Medium	The project scope has been phased to accommodate a 50% swing in water demand.	Low
No cash flow for operations and maintenance of new systems	Medium	New water supply and sewerage systems will be phased for highest priority areas. As demand increases further capacity will be added by future projects.	Low
Funding for irrigation support not secured	Medium	Government is committed and provides assurance that the funds for irrigation will be provided.	Low
Lack of competition	Low	The major contract packages will be procured through international competitive bidding procedures and will be large enough to attract international bidders	Low
Land acquisition delays	Low	Only public land or, if required, vacant or nonproductive private land to be used. Government to ensure that land transfers are carried out within 12 months of board approval.	Low
Delays in obtaining A9 right of way	Medium	Government to ensure coordination with relevant agencies in scheduling pipe-laying and road repairs, and will ensure that it is permitted to lay water lines under the existing or future carriageways, if required.	Low
Climate change and	Low	All proposed project structures will be	Low

rising sea levels		constructed to accommodate a 1-meter rise in sea levels.	
Required behavioral changes of residents for conserving and managing water do not materialize	Low	The project includes extensive water conservation, environmental protection, and hygiene awareness programs.	Low
Emergence of other water users or polluters not under the influence of NWSDB	Medium	The project includes capacity building to coordinate water resource management and funds the production of public communication documents and their dissemination.	Low
AFD cofinancing comprising 24% of project cost does not materialize	Low	Close coordination between ADB and AFD; government to assure in loan agreement. Arrangements to cover any AFD financing shortfalls.	Low
Overall	Medium		Low

ADB = Asian Development Bank, AFD = Agence Française de Développement, JMC = Jaffna Municipal Council, NWSDB = National Water Supply and Drainage Board

^a Smallest political unit in periurban and rural area.

Source: Asian Development Bank estimates.