

## UPDATED RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description	Rating	Mitigation Measures	Responsibility
1. Public financial management: internal control	Moderate	A financial management action plan was prepared to (i) train PIU accountants on ADB's policies and procedures in disbursement and financial reporting and auditing, (ii) assist in the preparation of project financial statements, (iii) prepare an operational plan for the Office of the Director of Audit and Accounts of RHD and submit an internal audit report, and (iv) submit quarterly financial and disbursement reports. (Timeline: during project implementation)	RHD
2. Delay in releasing counterpart funds	Moderate	Sufficient funds for land acquisition and resettlement activities are budgeted. The PIC helps flag the fund requirement well in advance.	RHD
3. Procurement: lack of experienced procurement staff and transparency during procurement	Moderate	The government discloses procurement-related information on the project website, such as invitations for bids, and basic details of the bidding procedures adopted. It is highly likely that contract variations will be required to change contract prices and designs of the works. Implementation of the civil works contracts is closely monitored. (Timeline: during project implementation)	ADB and RHD
4. Limited interest of the construction industry in the works	Low	The contracts are presented in large packages to attract qualified international and national contractors. The MFF modality provides a pipeline of procurement, which helps contractors invest in equipment for projects in remote areas.	RHD
5. Corruption: corrupt practices in project implementation	Moderate	The auditor general of the government audits the project financial statements and related financial statements annually in accordance with international auditing standards, and monitor the agencies' procurement, with special attention to procedural propriety. ADB's Anticorruption Policy (1998, as amended from time to time) was explained to and discussed with the government and RHD. (Timeline: during project implementation)	Auditor General
6. Inadequate post-project road operation and maintenance	Moderate	The civil works contracts have included performance-based maintenance for 6 years. The capacity development component strengthens RHD's planning and performance management capacity. (Timeline: during project implementation)	RHD

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7. Implementation delay	Substantial	The implementation delay is caused by delays in land acquisition and resettlement, and may result in cost overrun. Resettlement plans have been prepared for all project roads under the MFF. RHD first updates the resettlement plans based on the final list of nontitled project-affected households staying inside the rights-of-way. In parallel with the implementation of such resettlement plans, civil works inside the right-of-way start. Second, RHD prepares the final updated resettlement plans, including all project-affected households. The civil works start for road sections where the land acquisition and resettlement are fully completed. (Timeline: ongoing)	RHD
8. Noncompliance with safeguards	Moderate	Before construction begins, a due diligence mission was fielded to (i) confirm that rights-of-way handed over to civil works contractors are free of encumbrances and ready for handover, and (ii) inform project authorities and those affected of any remedial actions. The mission created awareness among the project authorities about ADB's pertinent social safeguard requirements. (Timeline: during project implementation)	ADB and RHD
9. Unstable security conditions delay project implementation	Low	ADB and RHD closely monitor the potential impacts caused by the development and security situation, and decide on the specific actions.	ADB and RHD

ADB = Asian Development Bank, MFF = multitranchise financing facility, PIC = project implementation consultant, PIU = project implementation unit, RHD = Roads and Highways Department.  
Source: Asian Development Bank.