

RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risks	Assessment without Mitigation	Management Plan or Measures	Assessment with Mitigation
Procurement Risks			
Insufficient procurement resources	High	Finance training and hiring of additional staff	Low
Cumbersome procurement process	High	Hire international consultant to streamline processes and improve management of the unit	Medium
Risk allocation makes contracts unattractive	High	Market surveys will be undertaken to refine the procurement strategy. As ADB chairs the transport donor coordination committee, it will consult with other partners to smoothen contractor demands	Low
Public Financial Management Risks			
Delay in release of counterpart funds	High	Government to transfer budgeted counterpart funds to IA at the beginning of the year	Low
Budget financial constraints delay implementation	High	Funds allocated to cover part of resettlement cost	Low
Policy Risks			
Financial sustainability of infrastructure investments due to insufficient subsidies	High	Assistance to reform subsidy mechanisms, introduce output based subsidies and develop new sources of revenue	Medium
Political Risk			
Lack of coordination between national and municipal levels	High	Creation of a supervisory board chaired by the Prime Minister to ensure full dialogue and commitment	Low
New municipal government shifts focus from urban transport	High	Policy dialogue and long-term engagement through MFF modality	Medium/low
Political interference in subproject selection and development	High	Strict technical subproject selection criteria and EIRR and FIRR thresholds	Low
Overall	Medium		Low

EIRR = economic internal rate of return, FIRR = financial internal rate of return, IA = Implementing Agency.
Source: Asian Development Bank.