

## RISK ASSESSMENT AND RISK MANAGEMENT PLAN (Updated)<sup>1</sup>

<b>Risk Description</b>	<b>Risk Assessment</b>	<b>Mitigation Measures or Risk Management Plan</b>
Misprocurement in selection and award of civil works contracts	Medium	Intensive project review, close coordination with MEF and MPWT  Implement actions required under the good-governance framework
Inadequate technical capability (poor quality of road works)	High	Consultants to help with pavement design and construction supervision, and provide on-the-job training to strengthen the capacity of executing agency staff
Corruption that may happen during financial management	Medium	Implement the good governance framework to strengthen internal control  Intensive project review; close coordination with MEF
Technical due diligence weaknesses in design and supervision of construction	Medium	Intensive project review; close coordination with MEF and MPWT
Project roads suffer severe damage from unexpectedly severe natural disasters.	Low	So far no such incident, though this type of risk cannot be mitigated.
Recruitment of consultants and contractors is delayed by external factors such as procurement and corruption issues.	Low	CBF contract is the final major contract to be awarded, which may be effectively mitigated by intense monitoring to avoid risks <sup>2</sup> .
Increased construction costs reduce the scope of works.	Low	There is sufficient buffer in the cost estimates against cost increases for the CBF contract.

<sup>1</sup> Updated based on additional financing.

<sup>2</sup> Special drawing right depreciation made it impossible to award this contract, hence the proposed additional financing.

<b>Risk Description</b>	<b>Risk Assessment</b>	<b>Mitigation Measures or Risk Management Plan</b>
The number of natural disasters exceeds predictions.	Low	Although this seems unlikely when the extreme events are extrapolated in the project period; so far no mitigation measure is foreseen.
Trained personnel in PMU3 leave MPWT or are replaced.	Low	During the past 7 years such personnel replacement has been almost zero, so PMU3 management seems to have adequate skills to mitigate this risk.
Implementation of project outputs is delayed due to insufficient public financial management and due diligence actions of PMU3	Low	This risk has been adequately mitigated by MEF with efficient collection of taxes since 2014, which was not the case during project design in 2011.
<b>Overall</b>	<b>Medium</b>	

ADB = Asian Development Bank; CBF = cross-border facility; MEF = Ministry of Economy and Finance; MPWT = Ministry of Public Works and Transport; PMU = project management unit.  
Source: Asian Development Bank.