

## RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description	Risk Assessment	Mitigation Measures or Risk Management Plan
<p><b>Public Financial Management</b> Urban infrastructure investments are constrained by fiscal and political factors.</p>	High	<p>ADB will meet regularly with the MED, MUB, MCUD, MOF and other agencies involved to explain the concept and implications of the MFF.</p> <p>The program has a provision to strengthen local and city master planning to ensure consistency and alignment of the planning process and orientation. ADB will maintain a continuous dialogue and strengthen awareness with the MUB, MED, and MCUD.</p>
<p>Inadequate program resources are allotted to support the policy and institutional reforms.</p>	Medium	<p>Loan conditionality requires allocation of the necessary counterpart funds.</p>
<p>The MUB fails to provide adequate subsidies to augment shortfalls of revenues.</p>	High	<p>Appropriate covenants will be included in the ADB loan document for the MUB to mitigate these risks</p>
<p><b>Procurement</b> The MUB lacks the capacity to implement large, sophisticated projects, including procurement.</p>	High	<p>The program allocates funding to cover consulting services support and additional staff with experience and suitable skills. The program will focus on key sector improvements in project imprest account management and reporting, project accounting, contract management, and project performance monitoring and reporting.</p>
<p>Procurement is inefficient.</p>	Medium	<p>ADB will apply procurement review for effective implementation during loan reviews to validate reported procurement capacities and address gaps that may impede program effectiveness.</p>
<p>The MUB fails to engage and retain consultants who are well-qualified and experienced.</p>	Low	<p>The program will include one large package for consulting services, and only reputable companies with sufficient resources will be short-listed. Executing and implementing agencies will liaise regularly with ADB and the project consultant team to ensure that ADB guidelines are followed. Interagency coordination will be enhanced at all levels to closely monitor the performance of the MFF portfolio.</p>
<p><b>Other</b> Policy reforms are delayed or prevented through political interference.</p>	Medium	<p>The program will support the development and implementation of a reform road map. It will strengthen awareness of the program stakeholders of through a combination of high-level advocacy and publicity campaigns.</p>

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Community and private sector involvement in subcenter development is lacking.	Medium	ADB will provide continuous support during implementation for community engagement and private sector involvement. The MUB, supported by the program, will facilitate, supervise, and coordinate the redevelopment process of subcenters and guide a fair land redevelopment process. The program will provide support to community engagement throughout implementation
Delays that might result from the negotiated resettlements that are necessary in the absence of a legal framework for land acquisition and resettlement	Medium	Requirements for resettlement have been minimized during the project design, and extensive community consultations have been undertaken to reach a consensus on the project scope and resettlement plans. The community engagement consulting services will also support the PMO and the resettlement specialists by facilitating and guiding the consultations with affected people to ensure smooth land acquisition and resettlement negotiations;
Women are not effectively mainstreamed into the program.	Medium	Program counterpart funds on gender mainstreaming activities are included in the annual budgeting of the implementing agencies. A gender action plan was prepared, which outlined the main strategies to address the key gender concerns on access and affordability of households headed by poor women, protection of the land tenure and property rights of women, and equal participation by women in the decision-making activities of the <i>kheseqs</i> and <i>khoroos</i> <sup>1</sup> under the investment program.
<b>Overall</b>	<b>Medium</b>	

ADB = Asian Development Bank, CDC = community development council, MED = Ministry of Economic Development, MCUD = Ministry of Construction and Urban Development, MFF = multitranchise financing facility, MHFC = Mongolian Housing Finance Corporation, MUB = Municipality of Ulaanbaatar, MOF = Ministry of Finance, SDC = small and medium-sized enterprise development council.

Source: Asian Development Bank.

<sup>1</sup> A *khoroos* is an administrative subdivision of Ulaanbaatar, the capital of Mongolia. The term is often translated as subdistrict or microdistrict..