

UPDATED RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description	Rating	Mitigation Measures	Responsibility
1. Public Financial Management			
Urban infrastructure investments are constrained by fiscal and political factors	M	<p>ADB and PMO will meet regularly with MCUD, MOF, MUB, 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 and PMO will maintain a continuous dialogue and strengthen awareness with the MCUD, MOF, and MUB. The program is indicated in the priority action plans of the MUB and the government.</p>	ADB, PMO, MCUD, MOF, and MUB
Allotted program resources are inadequate to support the policy and institutional reforms	M	A loan condition requires allocation of necessary counterpart funds.	MOF and MUB
MUB fails to provide adequate subsidies to augment shortfalls of revenues	M	Appropriate covenants were included in the ADB loan agreement for MUB to mitigate these risks.	ADB and MUB
The tariff set for heating services is not affordable for low-income households	M	MUB will conduct consultation with all concerned stakeholders to explore possibility of adopting subsidized tariff for low income households.	Energy Regulatory Commission and MUB
2. Procurement			
Possibility of staff turnover as a result of political election	M	Project consultant teams will provide stronger support and daily guidance to mitigate new staff's lack of knowledge and experience in ADB and/or donor-funded project procurement.	ADB and MUB
3. Others			
Delay in preparation and approval of detailed designs due to parliamentary and local elections in 2020	M	<p>The government will ensure that the PMO is staffed with experienced professionals.</p> <p>The PMO will undertake advanced detailed design, resettlement plan updating, and project implementation support of tranche 3 under tranche 2.</p> <p>The PMO will ensure that the Tolgoit master plan is prepared before the election, as prerequisite for detailed design approval of road and urban services in Tolgoit subcenter.</p> <p>MUB will ensure that the approval process of detailed design and bidding documents will be simplified to ensure a prompt project implementation.</p>	MUB and PMO
Insufficient resources are allocated to the operation and maintenance of socioeconomic facilities	M	The government and MUB will ensure that the facilities financed by tranche 3 (community development and service centers, primary health care center, kindergartens, sports complex, social housing, and green public spaces) have enough resources and human capacity to be properly operated and maintained by relevant departments and agencies.	MUB and line ministries
Policy reforms are delayed or prevented by political interference	M	The program will continue to support the development and implementation of a reform road map, and strengthen the awareness of the program stakeholders through a combination of high-level advocacy and awareness campaigns.	MUB and line ministries

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Community and private sector involvement in subcenter development is lacking	M	The project management consultant team in close coordination with ADB and PMO will provide continuous support during implementation for community engagement and private sector involvement. MUB, supported by the PMO, 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.	ADB, PMO, and MUB
Delays in commencement of civil works because of the long preparation period required for negotiated settlements with affected persons	M	The PMO will ensure that requirements for resettlement will be minimized through extensive community consultations during the detailed design of tranche 3 to reach a consensus on the project scope and resettlement plans. The detailed engineering design consultant team will also support the PMO and the resettlement specialists to facilitate and guide the consultations with affected people to ensure smooth land acquisition and resettlement negotiations. Baselines for land compensation for affected people will be agreed with the MUB.	MUB, PMO
Delayed compensation payments due to multiple approvals within MUB and lack of sufficient resources allocated	M	A loan covenant requires MUB to ensure sufficient resources in a timely manner for implementation of all measures and requirements related to land acquisition and resettlement set forth in the respective resettlement plans.	MUB
Possibility of tranche 3 not being completed by the end of the MFF validity period	M	Tranche 2 project implementation consultants are preparing a detailed engineering design for tranche 3 and will continue to provide project implementation support for tranche 3. Resettlement plan updating will also be conducted in tranche 2. The MUB has committed to provide adequate counterpart funds and human resources to complete tranche 3 in time for ADB's project completion review in case it is not completed by end of the MFF validity period.	MUB, PMO
Women are not effectively mainstreamed into the program	M	Program counterpart funds on gender mainstreaming activities are included in the annual budget 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>khesegs</i> ^a and <i>khoroos</i> ^b under the investment program.	MUB
Overall	M		

ADB = Asian Development Bank, M = moderate, MCUD = Ministry of Construction and Urban Development, MFF = multitranchise financing facility, MOF = Ministry of Finance, MUB = Municipality of Ulaanbaatar, PMO = program management office.

^a A *kheseg* is a subdivision of a *khoroos* with no formal administrative role (equivalent to neighborhood).

^b A *khoroos* is an administrative subdivision of Ulaanbaatar and is often translated as subdistrict or microdistrict.

Source: ADB.