

## RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description	Risk Assessment	Mitigation Measures and Risk Management Plan
Operational experience with combined-cycle gas turbine technology is limited.	Medium	<ul style="list-style-type: none"> <li>- Training for operation and maintenance will be included in the turnkey contract and will be undertaken before the operational acceptance of the power plant. The bidding documents will specify the training in the scope of works.</li> </ul>
Procurement of the turnkey contract is delayed.	Medium	<ul style="list-style-type: none"> <li>- An international consulting firm will be recruited to assist Uzbekenergo in project implementation.</li> <li>- Uzbekenergo will recruit enough experienced procurement specialists for the project management unit (PMU) before the bidding process.</li> <li>- Procurement training is provided through project preparatory technical assistance (PPTA) to the PMU staff before the bidding process.</li> <li>- The institutions responsible for contract registration assessment will be involved in procurement and consultant recruitment to avoid delays in the contract registration required for contract effectiveness.</li> </ul>
Tariff level becomes suboptimal.	Low	<ul style="list-style-type: none"> <li>- The government has increased tariffs regularly at a rate above the inflation rate, and confirmed that the same policy will be maintained throughout project implementation.</li> </ul>
Gas supply is insufficient.	Low	<ul style="list-style-type: none"> <li>- Uzbekistan and Uzbekneftegaz, the gas supply company, have confirmed gas allocation for the project.</li> </ul>
Decommissioning work does not comply with international safety and environmental standards.	Low	<ul style="list-style-type: none"> <li>- An environmental impact assessment (EIA) report was prepared for Uzbekenergo by PPTA consultant. The EIA report stipulates that decommissioning will adhere to international safety and environmental standards.</li> <li>- The environmental management plan that requires compliance with international safety and environmental standards will be an integral part of bidding documents and the contract for the turnkey contractor.</li> <li>- An international consulting firm will be recruited to assist Uzbekenergo in supervising the decommissioning work.</li> </ul>
Financial management capacity is limited.	Medium	<ul style="list-style-type: none"> <li>- No imprest account will be established. The PMU will be supported by an international consulting firm. Training on Asian Development Bank procedures will be provided. Recruitment of staff and training on international financing reporting standards will be implemented by Uzbekenergo with the help of the international consulting firm.</li> <li>- Capacity development program financed by ADB and other development partners will hire consultants to assist Uzbekenergo in achieving full consolidation of its accounts, IFRS implementation, and upgrade of accounting and reporting systems.</li> </ul>
<b>Overall</b>	<b>Low</b>	<p><b>The mitigation actions proposed will ensure that the risks are minimized, particularly by the engagement of project management unit and implementation consultants.</b></p>

Source: Asian Development Bank.