

RISK ASSESSMENT AND RISK MANAGEMENT PLAN

No.	Risks	Assessment without mitigation	Action to Mitigate Risk	Assessment with mitigation
1: Procurement				
1.a	Following the wrong procedures and thresholds	Average	In the following order of precedence, the EA and/or IAs shall follow the procedures specified in: (i) the Project Financing Agreement; (ii) ADB's Procurement and Consultant Guidelines; (iii) the government's Standard Operating Procedures (SOPs) and the Procurement Manual.	Low
1.b	Irregularities relating to leaking prior or post procurement information before the contract award and collusion during the bidding process	High	EA and/or IAs shall ensure that the Declarations of Fraud and Ethical Conduct for Procurement Review Committee members and bidders (contractors, suppliers and consultants) are signed for each transaction. A copy of the declarations of winning bidders shall be part of the awarded contracts.	Average
1.c	Inadequate procurement capacity	High	EA and/or IAs will designate qualified and experienced Procurement Officers for the project and will recruit additional international procurement consultants if required. EA and/or IA staff will be trained on the SOPs and the Procurement Manual.	Average
1.d	Delayed execution of schedules in the Procurement Plans and failure to track procurement transactions	High	Annual procurement plans will be prepared and tied to the project's annual work plan. The EA and IAs will maintain Procurement Tracking Forms as defined in the SOPs and Procurement Manual, and take actions to recover delays through additional consultant inputs if necessary.	Low
1.e	Poor quality of design standards.	High	EA and IAs to ensure appropriate and high quality design standards	Average
1.f	Inadequate monitoring of contractors' works after award of contracts	High	Regular due diligence of on-site monitoring of procurement processes and implementation of contracts by EA, IAs, and ADB. An engineer will join ADB review missions to review construction if concerns about quality are raised.	Average
2. Financial Management				
2.a	Weak internal controls at the central and sub-national levels	High	EA and IAs shall follow the financial management procedures specified in: (i) the Project Financing Agreement; (ii) the government's SOPs and Financial Management Manual (see also 1.a).	Average
2.b	Limited financial management capacity	High	Train EA and IAs staff in the Financial Management Manual.	Low
2.c	On-going weakness in the internal audit capacities of EA and IAs	High	Strengthening internal audit capacities in the EA and IAs.	Average
2.d	Delayed or non-existent reconciliation of advances for operating costs or training expenses	High	Advances to project staff at the centre or in field offices for operating or training expenses to be reconciled 2 two weeks after the end of each month.	Average
2.e	Inconsistency in allowances paid to Government staff to the field	High	The agreed DSA rate will be mentioned in the PAM, and will be strictly enforced.	Low

No.	Risks	Assessment without mitigation	Action to Mitigate Risk	Assessment with mitigation
3. Corruption				
3.1 Disclosure				
3.1.a	Possible conflicts of interest among implementation staff	Extremely High	All advertisements shall specify the invitation to civil society, NGOs, and interested persons to attend the bid opening.	Average
3.1.b	Insufficient public disclosure of information	High	EA and/or IAs to disclose the project information on the respective websites.	Average
3.2 Civil Society Role				
	Lack of involvement of CSOs to increase transparency	Average	Each advertisement shall mention that any civil society representatives or interested persons may attend the bid opening.	Low
3.3 Complaints and Remedies Mechanism				
	Lack of a formal complaints and remedies mechanism covering all aspects of project-financed activities	High	In addition to complaints procedures for procurement, which follow processes set out in the SOP/Procurement Manual, the EA and IAs shall establish complaints and remedies mechanisms for all aspects of the Project.	Low
3.4 Code of Ethical Conduct				
	Lack of a code of conduct for project staff	Average	Design code for all project implementation staff (including contract staff). Distribute to all staff and obtain acknowledgement of staff receipt.	Low
3.5 Specific Acts of Corruption				
3.5.a	Informal payments by contractors, suppliers, and consultants	High	All contractors/bidders, suppliers and consultants (firms or individual/national or international consultants) shall sign the declaration on ethical conduct and fraud and corruption as stated in the SOPs/Procurement Manual. Strict monitoring and enforcement of the procurement process and implementation of contracts will be done. Joint investigation by the National Audit Authority and ADB's OAI on irregularities. Application of sanctions when called for.	Average
3.5.b	Collusion during bidding	High	In-depth scrutiny by procuring entities and prior/post reviews by ADB of Bid Evaluations and Recommendations for contract awards.	Average

ADB = Asian Development Bank; CSOs = Civil Society Organizations; DSA = daily subsistence allowance EA = executing agency; IA = Implementing Agency; NGOs = non-governmental organizations; OAI = Office of Anticorruption and Integrity; PAM = project administration manual; SOPs = Standard Operating Procedures;
Source: Asian Development Bank