

## RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description	Risk Assessment	Mitigation Measures or Risk Management Plan
<b>A. Governance</b>		
<p><b>(i) Financial Management</b> No regular internal audit is conducted for UCSA and the PMU; staff recruited for the PIU in Djizzak may have limited experience regarding ADB financial management requirements.</p>	Medium	A project management team, including a qualified international financial management specialist and a qualified national financial management specialist, will be recruited to provide necessary support and to strengthen internal controls at the PMU and DWSE PIU.
<p><b>(ii) Procurement</b> Limited government procurement capacity, and procurement delays.</p>	High	A PMU established within UCSA and a PIU established within DWSE will manage project procurement and implementation, using international and national specialists. Advance action is also proposed to expedite initial project activities. There will also be close coordination with concerned government agencies to avoid delay in international contractor/supplier's registration. PMU and PIU staff will participate in ADB procurement training.
<b>B. Institutional and Regulatory</b>		
<p>Institutional capacity limitations prevent the full establishment of DWSE as a viable, commercially oriented utility, with consumer accountability and service sustainability.</p>	Medium	Recent legislative initiatives by the government clarify the mandates, responsibilities and relationships of sector institutions at the national, provincial and municipal levels. The TSP will assist the government at all levels to implement the institutional reform program in Djizzak Province, and develop the DWSE.
<b>C. Operational Sustainability</b>		
<p>The government is unable to finance and sustain the project over the long-term.</p>	Medium	The national government has committed to ensuring DWSE has the financial resources needed to operate, maintain its assets and meet its debt obligations.
<p>Revenue generation difficulties resulting from insufficient tariffs, poor billing and collection, and limited tax revenues.</p>	Medium	The TSP will assist DWSE in establishing tariff structures, tariff-setting methodologies, and billing and collection systems.
<p>Industrial units discharge effluent without pre-treatment, negatively impacting the operation of the project's sewerage system and WWTP.</p>	Medium	The project provides a system, which will operate within an existing environmental regulatory framework, for environmental monitoring and laboratory testing of industrial effluent, and capacity development to ensure the standards are enforced.
<b>Overall</b>	<b>Medium</b>	

ADB = Asian Development Bank, DWSE = Djizzak Regional Water Supply and Sewerage Enterprise, MOF = Ministry of Finance, PMU = Project Management Unit, PIU = Project Implementation Unit, TSP = transition support program, UCSA = Agency Uzkommunkhizmat (Uzbekistan Communal Services Agency), WWTP = wastewater treatment plant.  
Source: Asian Development Bank.