

RISK ASSESSMENT AND RISK MANAGEMENT PLAN

1. On 31 July 2006, the Asian Development Bank (ADB) approved the Second Governance and Anticorruption Action Plan (GACAP II),¹ which aims to improve ADB's performance in implementing governance and anticorruption policies. GACAP II requires the preparation of governance risk assessment and management plans as part of country partnership strategies, programs, and projects. These plans focus on thematic issues—public financial management, procurement, and anticorruption—in national priority sectors where ADB is active, as well as for programs and projects.

Risks	Assessment without Mitigation	Management Plan or Measures	Assessment with Mitigation
A. Government Processes			
1. Failure to provide counterpart financing	Low	The government acknowledges the importance of the timely provision of counterpart funds from experience with preceding ADB projects, and commit to providing counterpart funding.	Low
B. Project Management			
1. Inadequate capacity of MOTC and COR	Medium	The government is familiar with procedures and requirements for implementing ADB-financed projects. However, as more projects are managed, additional safeguards and procurement staff are needed and will be mobilized. ADB will closely monitor implementation progress and provide support as needed. The project administration memorandum will be developed and revised as needed.	Low
2. Unfamiliarity with ADB's Safeguard Policy Statement (2009)	Medium	The government has a satisfactory record of managing previous ADB road transport projects, and has significantly strengthened its management capacity through experience with externally financed projects. It has the knowledge and competency required for projects that are classified under environment category A, or that involve significant resettlement impacts. As more projects are managed, additional safeguards staff will be mobilized.	Low
3. Possible interruption due to complaints from local community	High	A community liaison group was established to effectively communicate with local communities and promptly resolve any issues.	Low
C. Project Implementation			
1. Detailed design not ready	Medium	The government is in the process of completing the detailed design, and preparing the bidding documents. ADB will carefully evaluate the adequacy of the bidding documents.	Low
2. Inadequate cost estimates	Medium	The estimated cost for civil works is based on the detailed design, which the government has reviewed and approved. The government will need to monitor any factors affecting the cost, such as an increase in the cost of materials.	Low

¹ ADB. 2006. *Second Governance and Anticorruption Action Plan*. Manila.

Risks	Assessment without Mitigation	Management Plan or Measures	Assessment with Mitigation
D. Procurement			
1. Insufficient adherence to ADB's procurement guidelines	Medium	ADB will provide support as necessary for procedures related to procurement, contractor selection, and disbursement to achieve timely project implementation.	Low
2. Delayed approval processes for procurement, contract awards, and variations	High	ADB focuses on timely project implementation in accordance with ADB's procurement guidelines and the project's procurement plan. ADB will provide support to the government as needed.	Medium
E. Corruption			
1. Weak fiscal oversight and accountability	Medium	The government has developed its auditing system and will comply with relevant ADB policies and guidelines.	Low
2. Noneconomic considerations for selection of contractor	Medium	The government and ADB will agree on the selection criteria, and ADB will provide timely advice regarding the selection of the contractor, if necessary.	Low
3. Weak transparency	Medium	The government will comply with ADB's anticorruption policy and develop a commitment to good governance, accountability, and transparency.	Low
E. Maintenance			
Sustainable maintenance of the project road	High	The government has committed to make sufficient budget allocations for operation and maintenance of the project road after completion. In addition, the civil works contract for the project will include installation of weighbridges as a preventive maintenance measure.	Medium
Overall	Medium		Low

ADB = Asian Development Bank, COR = Committee of Roads, MOTC = Ministry of Transport and Communication.
Source: Asian Development Bank.