

RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description	Assessment Without Mitigation	Management plan or Measures to Reduce Risk
Public Financial Management		
Weak financial management and funds flow arrangements	Medium	Direct payment method and letter of commitment will be used, with no imprest account. Barki Tojik has a satisfactory record with previous ADB projects.
Staffing deficiencies	Medium	The SOPI consultants will address staffing deficiencies through extensive training as defined in their terms of reference. ^a
Accounting policies, procedures, and systems	High	The SOPI consultants (footnote a), together with World Bank assistance for financial capacity development, will work to complete the implementation of IFRS together with a computerised accounting system.
Internal and external audit	High	The SOPI consultants, together with World Bank assistance for financial capacity development, will work to improve Barki Tojik's internal audit function and widespread implementation of IFRS.
Weak reporting and monitoring practices	Medium	Ongoing corporate restructuring under the ADB Regional Power Transmission Project (footnote a) will improve management reporting practices and result in better decision-making. The PMU will be assisted by project implementation consultants and ensure timely preparation of reports.
Procurement		
Insufficient capacity of Barki Tojik and PMU to manage procurement and contract administration	Medium	ADB's SOPI consultants (footnote a) will be assisting in recruitment of implementation consultants and turnkey contractor. The implementation consultants will be actively involved with the project after the contract award.
Too few bidders respond to the invitation to bid	Low	Known bidders are to be kept informed about the schedule and their level of interest monitored
Corruption		
Transparency measures are not implemented in a timely or effective way	Medium	Barki Tojik is implementing multiple investment projects financed by multilateral and bilateral financing institutions. Barki Tojik demonstrates a high degree of cooperation with these institutions in a transparent manner. Additionally, SOPI consultants are assisting Barki Tojik to improve financial and corporate management and reporting.
Technical		
Transportation of large and heavy equipment to Golovnaya HPP	Medium	Bid documents will request equipment suppliers to provide a detailed transportation logistics plan.
Equipment is damaged in transit	Low	Bid documents will clearly specify that equipment packaging and transit handling procedures are the contractor's responsibility. Turnkey contractor will be obliged to insure the goods from point of origin to installation on site.
Manufactured equipment does not fit during installation resulting in delays and claims	Medium	Responsibility will be clearly defined in the bid documents and sufficient time allocated for the turnkey contractor to take measurements before manufacture.

Equipment, especially the turbines and generators, does not perform as specified	Low	The bid documents will include tight performance specifications including penalties for not meeting the performance requirements.
Delay in project implementation	Medium	The PMU has experience with similar projects. The project implementation consultant will supervise installation, manage contracts and finances, and monitor environmental programs and report.
Time and cost overruns during implementation	High	Bid documents will envisage lump sum payment with significant penalties for late completion.
Risk of flood	Medium	The project implementation schedule will take into account annual fluctuation in water flow to minimize flood risk during the rehabilitation works.
Operation and maintenance	Medium	The project implementation consultants together with Barki Tojik staff will develop a plant operation and maintenance plan that will be approved by Barki Tojik management before commissioning of the first rehabilitated unit.
Overall	Medium	The proposed mitigation measures will ensure that the risk is minimized. Engagement of the implementation consultant will provide additional support for project supervision and proper implementation.

ADB = Asian Development Bank, HPP = hydropower plant, IFRS = international financial reporting standards, PMU = project management unit, SOPI = sector operational performance improvement.

^a ADB. 2010. *Report and Recommendation of the President to the Board of Directors: Proposed Grant to the Republic of Tajikistan for the Regional Power Transmission Project*. Manila.

Source: Asian Development Bank.