

## RISK ASSESSMENT AND RISK MANAGEMENT PLAN

<b>Risk Description</b>	<b>Rating</b>	<b>Mitigation Measures</b>	<b>Responsibility</b>
<b>Economic and Financial Risks</b>			
Fiscal constraints result in lack of government counterpart funds for the anticipated adjustment costs and inadequate budget allocation for ISO/IEC 17025 certification processing.	L	The government has committed to providing adequate budgetary resources. ADB will continue to engage with the government to ensure the required funding is provided.	MOF
International relations with key trading partners deteriorate because for political reasons, affecting trade.	L	Ensure that the required actions within the purview of Government of Nepal are completed so that benefits are immediate when issues are resolved.	MOALD
<b>Governance Risks</b>			
Lack of coordination between the federal and provincial governments affects implementation.	L	Continuously engage with governments at all levels to improve communication and coordination.	MOALD
Government's commitment to the reforms in the sector is not sustained.	L	Continuously and proactively engage with governments at all levels to preempt and avoid potential bottlenecks.  Carry out regular monitoring to ensure alignment of reform measures with policy initiatives taken by the government.	MOALD
Weak capacity in institutions affects implementation of policy actions.	M	Provide transaction technical assistance to improve the capacity of the implementing agencies.	MOALD
Trained staff members are not retained in line departments that will replicate technical assignments after program completion.	M	Ensure consistent and sustained engagement with the government to stress the importance of retaining adequate staff with technical skills.  Develop an alternate system to ensure capacity development of both first- and second-line staff in the department.	MOALD
Interdepartmental transfers of key officials disrupt business continuity and delays compliance with policy actions.	M	Engage with the government to stress the importance of staff continuity.	MOALD

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<b>Poverty, Social, and Gender Risks</b>			
GESI focal person or unit identified in Gandaki Province is not established or sustained.	L	Engage with the government to ensure the inclusion of GESI focal person or unit in MOLMAC's administrative structure.	MOLMAC
<b>Environmental Safeguards Risks</b>			
Operations of government laboratories do not comply with environmental standards and guidelines.	L	Provide transaction technical assistance to provide guidance on the permits and clearances relevant to pollution control. During operation, government laboratories need to acquire these permits and clearances and renew them periodically.	MOALD
<b>Others</b>			
Objections from other countries against the MRL notified by Nepal on the WTO notification system delays approval and official notification by the government.	L	Provide transaction technical assistance to align the MRLs with international standards and minimize the likelihood of objections from other countries.	MOALD

H = high, S = substantial, M = moderate, L = low.

ADB = Asian Development Bank; GESI = gender equality and social inclusion; ISO/IEC = International Organization for Standardization/International Electrotechnical Commission; MOALD = Ministry of Agriculture and Livestock Development; MOF = Ministry of Finance; MOLMAC = Ministry of Land Management, Agriculture, and Cooperatives; MRL = maximum residue limit; WTO = World Trade Organization.

Source: Asian Development Bank.