

RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description	Risk Assessment	Mitigation Measures or Risk Management Plan
Governance		
Government failure to provide counterpart funds on time during project implementation	Medium	The Government of the Kyrgyz Republic has provided assurance as to the timely release of counterpart funds.
Collusion, corruption, and cartel conduct	Medium	The project team will provide extra due diligence to ensure that ADB procurement and consulting services guidelines are met.
Implementation Phase		
Procurement delays	Low	The project design advance for detailed design was approved, and detailed design consultants have been mobilized since February 2016. It is expected that detailed design will be completed by September 2016, and bidding will start in October 2016. When the project becomes effective, the civil works contract will be ready to be awarded. The project preparatory technical assistance consultants have prepared the master bid documents. Advance contracting action will be taken for consultants and civil works procurement.
Budget of some project elements underestimated due to price increases	Medium	At the feasibility stage, physical contingencies were computed at 10% for civil works and consulting services. Price contingencies were computed according to ADB cost escalation factors, including a provision for potential exchange rate fluctuation assuming a purchasing power parity exchange rate. The detailed design consultant will help the MOTR finalize the design, prepare accurate cost estimates, and help prepare and evaluate bid documents.
Breakdown of the accounting system	Low	The accounting system is computerized and staff are well-trained in the use of the software. Frequent system back-ups will be suggested.
Delays in submitting audit reports	Low	The agreed submission schedule of audit reports to ADB will be closely monitored.
Weak vetting controls over payments to contractors and consultants	Low	Strict adherence to the guidelines and procedures outlined in the project administration manual and Operations Manual.
Safeguard noncompliance	Medium	Safeguards support and training are being provided during project preparation. An additional resettlement monitoring specialist has been budgeted for to help the MOTR monitor the finalization and implementation of the resettlement plan.

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Safeguard complaints and delay in project implementation	Medium	Meaningful consultations with nongovernment organizations and local residents are being conducted during project preparation. A grievance redress mechanism has been set up to address complaints.
Sustainability Absence of an effective road maintenance mechanism, undermining sustainability	Medium	A road asset management system will be designed and implemented to help the government manage its assets better. The government is also implementing ongoing road sector reforms.
Overall	Medium	
ADB = Asian Development Bank, MOTR = Ministry of Transport and Roads. Source: ADB.		