

RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description	Rating	Mitigation Measures	Responsibility
Governance			
Government fails to provide counterpart funds on time during project implementation.	L	The MOF, MOT, and Committee for Roads will ensure timely release of counterpart funds, following the loan covenant.	MOF, MOT, and Committee for Roads, with monitoring by ADB
Ongoing reforms and reorganization of road transport subsector institutions disrupt project implementation.	M	The Republican Road Fund was transformed to the "Avtoyulinvest" agency. The new agency will implement the ADB-funded projects under the Committee for Roads as the Republican Road Fund in the past. The government has agreed to the covenant that a dedicated PMU will be maintained for the duration of the project.	ADB, MOT, MIFT, and Committee for Roads
Incidence of collusion, corruption, cartel conduct, and fraud.	M	ADB's Anticorruption Policy (1998, as amended to date) has been explained to the government and the Committee for Roads. Consistent with its commitment to good governance, accountability, and transparency, ADB reserves the right to investigate, directly or through its agents, any alleged corrupt, fraudulent, collusive, or coercive practices relating to the project. To support these efforts, Relevant provisions from ADB's Anticorruption Policy will be included in the project loan agreement and bidding documents. In particular, all contracts financed by ADB will include provisions specifying ADB's right to audit and examine the records and accounts of the Committee for Roads and all contractors, suppliers, consultants, and other service providers relating to the project.	ADB, MOT, MIFT, and Committee for Roads
Poor implementation arrangements of axle load control by building weigh stations.	M	The government will ensure Law enforcement introduce covenants, specifying that the government will update standards and procedures for axle load control before tendering takes place.	
Financial Management			
Internal audit function requires strengthening.	S	Internal controls will be strengthened by hiring an external audit firm to perform quarterly internal audit reviews and develop recommendations. Further, the PMU will hire experienced financial management and accounting experts to address audit findings and monitor their implementation.	Committee for Roads, with monitoring by ADB

Risk Description	Rating	Mitigation Measures	Responsibility
Considerable delay in submitting APFSs in the ongoing projects.	M	The Committee for Roads will provide timely submission of APFSs.	Committee for Roads, with monitoring by ADB
Procurement			
Scope for improvement of knowledge and experience using ADB procurement procedures	S	PMU staff will be recruited from staff experienced in ADB and World Bank project implementation. Training will be provided for PMU staff. External international and local experts on procurement will be hired.	Committee for Roads
Multiple layers of review and approving authorities delay procurement and implementation.	H	The Committee for Roads will monitor procurement timelines for each milestone. The Avtoyulinvest will arrange training for procurement personnel, and orientation and sensitization workshops for tender committees.	MOT, MIFT, and Committee for Roads, with monitoring by ADB
Delayed payments and nonpayment of interest, following the contract conditions, results in disputes.	M	The Committee for Roads will maintain strict monitoring on contract management of the civil works by including a contract specialist in the supervision consultant's contract.	MOT, MIFT, and Committee for Roads, with monitoring by ADB
Implementation			
Delayed commencement of construction works and implementation of projects.	M	Advanced procurement is in progress. Outposted Senior Transport Specialist will be working por actively with the PMU to avoid any delays. Weekly meeting will be held between MOT, MIFT and CR to monitor the construction progress. ADB will also participate in the weekly meetings. Regular training will be held during implementation on the International Federation of Consulting Engineers (FIDIC) standards and project supervision.	MOT, MIFT, and Committee for Roads, with monitoring by ADB
Escalation of COVID-19 globally and across Uzbekistan may increase project costs and slow down the pace of project implementation.	S	The government established the Anti-Crisis Fund of SUM10 trillion (\$1.05 billion) with development partners' support to finance the anti-crisis measures, while maintaining a sound fiscal position. The government has taken proactive and appropriately sequenced measures to (i) control the spread of COVID-19 by putting in place travel restrictions, strict lockdowns, and increasing testing to rapidly detect infections; (ii) provide fiscal and monetary support to businesses and regional economic activity; and (iii) expand social safety nets for low-income households. The project has designed mitigation measures as described in para. 15 of the RRP.	MOT, MIFT, and Committee for Roads, with monitoring by ADB and international financial institutions

Safeguards			
Safeguard complaints and delay in project implementation.	L	The Committee for Roads will ensure that provisions of the LARP and EIA are followed and that a GRM is in place.	Committee for Roads, with monitoring by ADB
Possible impacts to ecology, biodiversity, critically endangered or endangered species, and critical habitat.	L	Prior to the signing of contract between the Committee of Roads and the Contractor a memo of understanding will be signed by the Committee for Roads and Saiga Reservation Complex in connection with the implementation of the BAP. During construction, contractors will ensure compliance with the EMP, EMOP, CHA, BAP, BMEP, and SSEMP. The Committee for Roads will ensure that international and national ecology and biodiversity experts are recruited to support project implementation.	Committee for Roads, with monitoring by ADB
Sustainability			
The Committee for Roads lacks an effective road maintenance mechanism, undermining sustainability.	L	The cement concrete pavement used for the road will require less routine and periodic maintenance. The MOT will ensure that a state-owned road equipment pool company, which will lease equipment to all contractors, is established. The Committee for Roads will supply and install the ITS and WIM system in a pilot section of the Tashkent–Namangan road, which will support in data collection and reduce overloading.	Committee for Roads and MOT
The Committee for Roads lacks budget for road maintenance, leading to premature deterioration.	L	With concrete pavement, the periodic and routine maintenance requirements will be reduced considerably. The estimated annual maintenance requirement for the project road is well within the budget allocation.	MOF, Committee for Roads, and MOT
Overall	Medium		

ADB = Asian Development Bank, APFS = audited project financial statement, BAP = biodiversity action plan, BMEP = biodiversity monitoring and evaluation plan, CHA = critical habitat assessment, EIA = environmental impact assessment, EMOP = environmental monitoring plan, EMP = environmental management plan, GRM = grievance redress mechanism, H = high, ITS = intelligent transport system, L = low, LARP = land acquisition and resettlement plan, M = moderate, MIFT = Ministry of Investment and Foreign Trade, MOF = Ministry of Finance, MOT = Ministry of Transport, PMU = project management unit, S = substantial, SSEMP = site-specific environmental management plan, WIM = weigh-in-motion.

Source: Asian Development Bank.