

RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description	Rating	Mitigation Measures	Responsibility
<p>1. Implementation delays because of the government's multilayer approval requirements for recruitment of consultants and works and goods contracts. Current approval steps include (i) MOEE; (ii) MOPF, MOC, and UOAG; (iii) DACU; (iv) Economic Committee; (v) Cabinet; and (vi) Parliament.</p>	H	<p>ADB and other development partners are working with the government to streamline approval procedures and roll them out to line ministries. The streamlining is being addressed through the joint portfolio review mechanism, involving government agency (MOPF, DACU) and ADB, JICA, and the World bank.</p> <p>To save time, advance contracting for recruitment of the PICs is proposed. The consultants working under the project preparatory technical assistance have prepared all draft bidding documents. These actions will shorten the time needed for procurement. The contract packaging was optimized to mitigate the risks of delay in procurement.</p>	<p>ADB's Myanmar resident mission, Government of Myanmar, development partners</p> <p>ADB, MOEE</p>
<p>2. Uncertainty on the timely mobilization of the large capital investments needed for the expansion of the generating capacity and rural electrification.</p>	S	<p>Development partners are working closely with the government to prioritize investment needs and help the government mobilize financing, including multilateral, bilateral, and private financing. ADB supports MOEE in preparing and applying a framework for PPP and in preparing a road map for corporatization of distribution companies to make them more attractive to investors.</p>	<p>ADB, Government of Myanmar, development partners</p> <p>ADB</p>
<p>3. Delay in implementing a mechanism for a full cost-recovery electricity tariff.</p>	S	<p>ADB helped the government set up the rules and regulations for establishing and implementing tariffs based on cost-recovery principles. The World Bank is also helping the government to study the impacts of tariff subsidies. Further, assistance is planned by ADB and the World Bank.</p>	<p>ADB, World Bank, MOEE</p>

Risk Description	Rating	Mitigation Measures	Responsibility
4. Weak financial management and financial viability of ESE and DPTSC.	S	<p>Through the Sector Coordination Group (SCG), ADB and other development partners are helping MOEE prepare the tariff mechanism and improve financial management and reporting. In the long run, ADB and SCG will assist MOEE and the government implement sector reforms to improve the financial viability of ESE and DPTSC.</p> <p>The tariff issue and sector financial sustainability have been included in the action plan of the sector working group. ADB and World Bank are helping MOEE develop on analytical methodology for establishing a long-term marginal cost-based tariff. The World Bank is processing an \$800,000 consulting service to conduct a tariff study. ESE and DPTSC's weakness in financial reporting has been reported to the joint portfolio management team and measures are being pursued to address it.</p>	ADB, Government of Myanmar, development partners
5. The project could be delayed by late implementation of other projects not financed by ADB that are part of the country transmission and distribution network	M	<p>Early consultations with MOEE and the implementing agency during project design ensured that the MOEE is and will be receiving necessary support from the government and other development partners to ensure the timely and comprehensive development of the national power grid.</p> <p>MOEE has committed to implementing the necessary facilities, on time, to make full use of the transmission infrastructure to be built under the ADB project.</p>	MOEE, ADB
6. Cost overruns could occur.	L	<p>Cost estimates are based on the latest available data from current projects that MEPE implemented. Sufficient contingencies have been included in the project budget.</p>	ADB, MOEE

Risk Description	Rating	Mitigation Measures	Responsibility
7. Instability in Rakhine state may prevent compliance with ADB's conflict-sensitive approach and prevent equitable distribution of project benefits.	S	<p>The following assurances and conditions have been discussed, agreed by MOEE and the government, and included in the loan agreement:</p> <p>(i) The regional and/or state governments and ESE shall allocate adequate annual budget to build 11kV/400V facilities to connect the ADB subprojects to final electricity consumers in all villages listed as beneficiaries of the ADB subprojects;</p> <p>(ii) In accordance with ADB's conflict-sensitive approach, the regional and/or state governments and ESE shall ensure equal opportunities for all households and communities in the subproject areas to be connected;</p> <p>(iii) The regional and/or state governments through its administrative authorities at state, township, village levels, together with ESE, in compliance with ADB's Safeguard Policy Statement (2009) and conflict-sensitive approach, shall (a) ensure that ADB can conduct consultations with stakeholders and communities about the project throughout the project implementation period; (b) ensure that the project grievance redress mechanism will be implemented in every subproject area; and (c) ensure ADB's access to project areas through the project implementation and monitoring period as stipulated in the project administration manual.</p>	ADB, MOEE, state and/or regional governments, Government of Myanmar

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

ADB = Asian Development Bank, DACU = development assistance coordination unit, DPTSC = Department of Power Transmission and System Control, MEPE = Myanmar Electric Power Enterprise, MOC = Ministry of Commerce, MOEE = Ministry of Electricity and Energy, MOPF = Ministry of Planning and Finance, PIC = project implementation consultant, PPP = public-private partnership, UOAG = Union Office of Attorney General.

Source: ADB estimates.