

RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description	Rating	Mitigation Measures	Responsibility
A. Governance			
(i) Financial sustainability			
<i>Toza hududs</i> unable to financially support operating costs and debt repayments	S	Analysis indicates that all <i>toza hududs</i> will meet O&M expenses and loan debt servicing obligations from their revenues. The government has committed if necessary to provide subsidies for debt servicing, including foreign exchange risks and the O&M of the project.	SCEEP, <i>toza hududs</i>
Elevated financial management risks because lack of internal audit unit within SCEEP	S	The project will be included in the government internal audit program by loan effectiveness. A project management team, including a qualified financial management specialist, will be recruited to provide support the SCEEP.	SCEEP, PMU
(ii) Procurement			
Government review of procurement documents and unfamiliarity with ADB's new procurement framework may delay project implementation.	S	Close MOF and MIFT coordination, communication, and information sharing regarding ADB's new procurement framework and fit-for-purpose procurement arrangements in the strategic procurement plan will ensure familiarity and reduce delays. SCEEP has committed to streamline the review and approval process and will have meetings with concerned government agencies on a regular basis. SCEEP and PMU staff will participate in ADB procurement training as necessary.	SCEEP, ADB
Procurement deficiencies are greater than expected.	M	Risks will be closely monitored and mitigation measures implemented as provided in the procurement strategy in the strategic procurement planning, especially <i>high</i> risks as identified in the PPRA.	ADB, SCEEP
B. Institutional and Regulatory			
Institutional capacity limitations of SCEEP and the Republican Association of Specialized Enterprises for Sanitary Cleaning are greater than anticipated.	S	Capacity development programs will assist to strengthen the SCEEP, Republican Association of Specialized Enterprises for Sanitary Cleaning, and <i>toza hududs</i> at the national, sector, and operational level, and a twinning program will be provided. Procurement capabilities will be strengthened through training, and assistance from international project management consultants, through the PMU.	SCEEP, Republican Association of Specialized Enterprises for Sanitary Cleaning, PMU, <i>toza hududs</i>

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C. Operational Sustainability

Revenue generation does not meet expectation	M	The solid-waste collection fee will be set to full cost recovery in accordance with Presidential Decree No. PP-4291 dated 17 April 2019 over the next 10 years (Strategy for The Management of Municipal Solid Waste of the Republic of Uzbekistan for the period 2019–2028). This will enhance the financial capacity of the <i>toza hududs</i> . The MOF and SCEEP will assist the <i>toza hududs</i> in (i) strengthening their financial management, (ii) improving billing and collection rates in collaboration with the Bureau of Enforcements under the General Prosecutors Office and newly established billing and collection center in January 2019, and (iii) implementing 100% consumer metering. Tariff collection authorities and responsibilities have been transferred to the General Prosecutors Office. Its strong and wide-ranging powers regarding tariff collections are expected to contribute to improved billing and collection mechanisms.	SCEEP, <i>toza hududs</i>
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ADB = Asian Development Bank, H = high, M = medium, MIFT = Ministry of Investment and Foreign Trade, MOF = Ministry of Finance, PMU = project management unit, PPRA = project procurement risk assessment, S = substantial, SCEEP = State Committee of the Republic of Uzbekistan for Ecology and Environmental Protection, *toza hudud* = state unitary enterprise.
Source: Asian Development Bank.