

## RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description	Rating	Mitigation Measures	Responsibility
1. Procurement: Lack of oversight and guidance on up-to-date technical guidelines and manuals on procurement	L	MRRDA successfully awarded all the works contracts under the ongoing project following the ADB Procurement Policy (2017, as amended from time to time). Country procurement acts and rules follow ADB's procurement guidelines.	MRRDA
2. Weak governance and possibility of collusion and intimidation during procurement	L	The ongoing project's E-procurement system will continue to be used to ensure transparency and good governance. MRRDA will disclose information concerning the project on its website, as well as business opportunities associated with the project. It will increase efforts to prevent collusion and intimidation. ADB will closely monitor the procurement process.	MRRDA
3. Governance and financial management: Weak capacity of PMU and PIU staff with respect to ADB procedures and policies on disbursement and audits	M	The project is distributed geographically to district offices, and fund mismanagement could occur at the district level. A full-time financial expert will support the PMU and PIUs in ensuring proper financial management and audit during project implementation.	MRRDA
4. Anticorruption: Lack of awareness and deterrence	M	MRRDA has limited experience in executing ADB-financed projects. ADB's Anticorruption Policy (1998, as amended to date) has been explained. ADB will closely monitor procurement through periodic reviews. The project loans will not finance procurements that are not in line with ADB policies.	MRRDA
<b>Other Risks</b>			
5. Safeguard noncompliance	L	ADB will continue to monitor compliance with safeguards before and during construction by (i) confirming that rights-of-way to be turned over to contractors are free of encumbrances and ready for handover, (ii) informing project authorities and affected people of any remedial actions, and (iii) monitoring compliance with other safeguard requirements throughout the project.	ADB
6. Implementation delay	L	Advance actions are being taken to ensure high implementation readiness, with the objective of awarding contracts shortly after loan effectiveness. MRRDA awarded all the works contracts under the ongoing project shortly after loan effectiveness.	MRRDA, PMU
7. Extreme weather conditions could cause significant damage to the road network	S	To address climate and disaster risks, the design of roads and bridges will use climate resilience parameters for slope	MRRDA

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		protection where slopes are subject to water-level fluctuations, rigid reinforced concrete pavement at submersible road sections, and additional cross drainage. Road and bridge designs also incorporated observed impacts of the 2019 floods.	
8. Inadequate funds for road maintenance may cause the roads to deteriorate prematurely	S	To improve sustainability, the state government and MRRDA adopted a road maintenance policy in 2019, which the project will support to operationalize. In addition, the project will use 5-year maintenance contracts, provide capacity building to establish road maintenance and asset management systems (under the ongoing project), and obtain additional assurances from the state government that adequate funds will be provided for maintenance throughout the estimated economic life of the improved roads.	MRRDA
9. Weak decentralized financial management	M	A full-time financial expert will support the PMU and PIUs in ensuring proper financial management and audit during project implementation.	MRRDA
10. Delayed release of counterpart funds could hamper the completion of works	M	ADB will finance 67.4% of the overall project costs. Government financing will mainly cover road maintenance and financial charges during implementation. These arrangements will ease the government's financial burden to provide counterpart funding and ensure adequate cash flow during implementation.	MOF, MRRDA
11. Low response by contractors during procurement, in part as a result of COVID-19	S	The MRRDA will advertise contract packages via the government's electronic procurement system to increase coverage and attract interest from a diverse group of contractors. Responses during the ongoing project were sufficient. Risks because of COVID-19 will be assessed and mitigated as necessary.	MRRDA

ADB = Asian Development Bank, COVID-19 = coronavirus disease, L = low, M = moderate, MOF = Ministry of Finance, MRRDA = Maharashtra Rural Development Association, PIU = project implementation unit, PMU = project management unit, S = substantial.  
Source: Asian Development Bank.