

## RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk description	Rating	Mitigation measures	Responsibility
<b>A. Governance</b>			
<b>1. Financial Management</b>			
MES staff has limited capacity and experience with ADB policies and requirements for project financial management.	S	A PIU will be set up to implement the project with dedicated and qualified full-time financial management staff, supported by a PIC. ADB will mobilize a consultant to support the MES to establish the project financial management system and provide training. ADB and the PIC will provide training to the PIU covering ADB's disbursement, financial reporting, and audit requirements.	ADB, MES, and PIC
The executing agency is generally not applying international standards for accounting and audit oversight.	M	A PIU will be established. A financial management system will be established within the PIU with off-the-shelf accounting software. A template for financial reports will be agreed between the executing agency and ADB at the start of the project, and monitoring will be conducted for timely report preparation.	ADB and MES
Internal audit is an investigative process rather than auditing and improving systems and processes.	S	The MES internal audit will cover the project on an ongoing basis. ADB will mobilize a consultant to support the MES to develop internal audit standard operating procedures. The PIC will submit monthly financial management internal controls review reports.	ADB, MES, PIC
External audit is not in accordance with international standards.	S	Project financial statements will be audited by an independent auditor in accordance with international standards. The auditor will be rotated every 3–5 years.	PIU
Delays in payments to contractors delay project implementation.	L	Project funds will be under the control of the PIU to avoid delays, with direct payments from ADB made to key contractors, consultants, and suppliers. An advance will be provided to dedicated bank accounts for eligible expenditures under the project.	ADB, MOEF, MES, PIU
<b>2. Procurement</b>			
The executing agency has limited capacity and experience with ADB policies and requirements for procurement.	M	A PIU will be set up to implement the project with dedicated and qualified full-time procurement staff, supported by the PIC. Prior review procedures will be applied to all packages. ADB and the PIC will provide training to the PIU on ADB consultant selection and procurement procedures.	MES, ADB
The executing agency has limited experience and resources for managing and monitoring contract performance.	M	A project performance management system will be established within the PIU and the PIU will receive contract management support from the PIC.	MES, ADB
The executing agency has limited internal systems in	M	Project implementation will conform to all applicable ADB policies, including those	MES

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place for governance and public management of procurement.		concerning anticorruption, procurement, and disbursement as described in detail in the project administration manual. The loan and grant agreements provide covenants for the executing agency, including separate advance accounts, quarterly and annual reporting, annual audits of financial statements, and spot checks.	
<b>3. Environmental and social safeguards</b>			
The executing agency has limited capacity and experience with ADB's environmental and social safeguards policies.	S	Subproject selection criteria will avoid category A subprojects. Safeguards provisions and site-specific mitigation measures will be included in subproject civil works contracts and monitored by the PIU and PIC. Dedicated and qualified full-time environment and social safeguards specialists will be recruited into the PIU, supported by the PIC.	PIU, PIC, and ADB
<b>B. Institutional</b>			
<b>1. Project management</b>			
Project implementation, including subproject selection and implementation, may be delayed and reduce project efficiency and benefits.	S	The PIU will be staffed with qualified project management, technical, and safeguards staff and supported by the PIC. Detailed subproject eligibility and preparation procedures have been prepared during project processing. A long list of prospective subsequent subprojects has been prepared. Each site has been preliminarily assessed to categorize hazard level, at-risk elements, and expected mitigation requirements to support ensuing design. Advanced contracting will support timely mobilization of the PIC and award of the first goods and works packages. Civil works bidding documents will include performance incentives and penalties to avoid delays in the construction schedule. An extended implementation period of 7 years has been planned and budgeted.	MES, ADB
<b>2. Counterpart support</b>			
Insufficient O&M funding or inadequate technical capacity for O&M jeopardize future effectiveness and sustainability investments and programs.	S	Subprojects will be designed to minimize long-term O&M costs. Landslide soil removal, reshaping, and drainage works are largely permanent and do not require significant O&M. The project will develop asset management and O&M plans for each subproject including budget and assignment of roles and responsibilities, emphasizing the role of beneficiary communities for sustainability and effectiveness. Training will be provided to MES staff, community representatives, and other key stakeholders. ADB has secured government assurance that adequate finance and resources will be	ADB, MOEF

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		provided to implement these plans. MES staff will be trained in O&M and financial management of O&M to strengthen their internal asset management systems, records, and safeguards.	
Delays in provision of counterpart contribution delays project implementation.	L	An advance will be provided each month to a dedicated bank account for the government's counterpart funding of eligible expenditures under the project. ADB will conduct close monitoring of the timely availability of counterpart funds. The PIU will generate 6-monthly forecasts of required counterpart funds.	ADB, MOEF, PIU
<b>3. External</b>			
Landslide triggered by major seismic or extreme weather event may harm target communities and reduce the sustainability and benefits of investments.	S	Landslide risk mitigation measures will be prioritized, designed, and implemented based on site-specific studies and in accordance with national seismic risk standards. On-site technical support and supervision will be provided by the PIC. Landslide monitoring and early warning systems will be operated during civil works construction to ensure safety. Highest risk households will be temporarily resettled during the construction period.	PIU and PIC
Travel restrictions caused by COVID-19 or a similar pandemic prevent country visits by ADB and international consultants, hampering project progress and quality of outputs.	M	Effective telephone and online communication systems will be established for PIU–PIC–ADB interaction. High-quality local consultants will be recruited for the PIC, thus minimizing the need for site visits and work supervision by international consultants.	PIU, PIC, and ADB
Political events delay project implementation because of changes in responsibilities, staffing, or budget priorities.	M	The executing agency will monitor and assess risks on an ongoing basis through regular updates of the RAMP and the PPMS, in addition to the implementation of adaptive management processes, in line with ADB good practice.	MES

ADB = Asian Development Bank, COVID-19 = coronavirus disease, MES = Ministry of Emergency Situations, MOEF = Ministry of Economy and Finance, O&M = operation and maintenance, PIC = project implementation consultant, PIU = project implementation unit, PPMS = project performance management system, RAMP = risk assessment and risk management plan.

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

Source: ADB.