

RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description	Rating	Mitigation Measures	Responsibility
Technical			
Innovations proposed in the feasibility study are not properly designed and implemented	Moderate	The project will provide (i) specialist technical support for studies, design review, technical specifications for sponge city design, NMT, ICT, CWIS, e-mobility, ISWM, cultural mapping, and social media marketing; and (ii) capacity building for project management and trainings.	PMO, implementing agencies, PMC
Detailed designs do not adequately incorporate climate adaptation recommendations based on hydraulic and hydrological modeling	Moderate	Hydrologists have been included in the PMC to provide capacity building and review modeling-related design tasks. A covenant has been included in the project agreement to ensure climate adaptation recommendations based on hydraulic and hydrological modeling are incorporated in the detailed designs.	PMO, implementing agencies, PMC
Extreme weather or other natural hazard events cause damage or delays to construction works, or damage or reduce operational performance of project infrastructure	Moderate	A climate risk assessment has been prepared for the project based on appropriate climate change scenarios, and suitable climate adaptation and disaster risk management measures have been identified and incorporated into project design. Detailed hydraulic and hydrological modeling will be prepared to inform climate-resilient design. Construction risk management arrangements will be set out in the EMPs.	PMO, implementing agencies, PMC
Unsustainable O&M of infrastructure components because of lack of capacity or budget	Moderate	The GMG will ensure adequate staff resources and annual O&M budgets as per loan covenants. The project will provide capacity development support to all assigned O&M agencies to improve the management and O&M of infrastructure.	GMG, PGLC, PMO, implementing agencies, PMC
Economic and financial			
The ongoing pandemic and the associated global economic slowdown could impact project delivery	Moderate	The implementation schedule has been adjusted for potential delays. Financial sensitivity analysis has factored increase in inflation.	GMG and ADB
Delays in provision of counterpart funding	Moderate	Covenants to be included in the legal agreements to ensure adequate counterpart funding requirements are reflected in the annual budget. The GMG will closely communicate with the DOF and get early advice, and plan for mitigation actions.	GMG and PGLC
Governance (financial management, procurement, anticorruption, capacity, and institutional)			
Implementing agencies and PMO staff are adequately qualified civil servants but	Moderate	ADB has provided trainings on financial management for ADB-funded projects during project preparation and will	ADB, PMC, and GMG

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most lack experience implementing ADB-financed projects (especially in financial management and procurement) and they are not yet familiar with ADB policies and procedures		provide further similar trainings upon request. The GMG will engage a highly qualified and experienced program management consulting firm with key experts in financial management, procurement, and safeguards, as well as experts needed for technical capacity enhancement and program management. In addition, the GMG will closely communicate and consult with the GPMO and ADB to get additional support and guidance.	
PMO staff who are the representatives from different GMG bureaus and agencies do not have sufficient time allocated for program implementation	Moderate	The GMG has assured that it will give sufficient time and resource allocations for the designated PMO staff from different bureaus and ensure PMO-related tasks are embedded into their official work plans, and dedicated staff will be appointed to the project.	GMG
The GMG has a lack of experience in undertaking procurement and consultant recruitment using ADB guidelines and policies	Moderate	ADB provided training on ADB procurement policy during program processing and will continue providing regular training during implementation. The GMG will engage highly qualified personnel with experience in procurement policies and procedures of ADB or other multilateral development banks prior to program effectiveness.	ADB and GMG
Poor governance and corruption may distort the development and have a disproportionate impact on the poor	Low	ADB's Anticorruption Policy (1998, as amended to date) was explained to and discussed with the GMG, PMO, and implementing agencies during project processing. The GMG will improve financial management, strengthen procurement systems, and combat corruption through preventive enforcement and investigative measures throughout project implementation. Assurances for governance and anticorruption measures are included in the project agreement. ADB will review the GMG's performance during regular review missions.	GMG, PGLC, PMO, implementing agencies, ADB
Safeguards			
Lack of familiarity with ADB safeguard requirements may cause delays in project implementation	Moderate	This risk will be mitigated through the implementation of measures laid out in the two resettlement plans and EMDP. A social safeguards officer has been assigned to the PMO and each implementing agency to support smooth implementation of resettlement plans and the EMDP. The PMO will conduct internal monitoring of the resettlement	ADB, GMG, PGLC, PMO, implementing agencies

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		<p>plans and EMDP implementation, and report to ADB through quarterly project progress reports. An external monitoring and evaluation agency will also be engaged by the PMO to carry out its own verification and monitoring of resettlement plan and EMDP activities. A resettlement specialist and an ethnic minority specialist will be recruited by the PMO to support the implementing agencies for subproject resettlement plans and EMDP implementation.</p> <p>ADB has provided training on its safeguard requirements and will continue during implementation. ADB will carry out its own supervision and monitoring during project implementation.</p>	
Overall Risk Assessment	Moderate		

ADB = Asian Development Bank, CWIS = citywide inclusive sanitation, DOF = Guangxi Department of Finance, EMDP = ethnic minority development plan, EMP = environmental management plan, GMG = Guilin municipal government, GPMO = Guangxi project management office, ICT = information and communication technology, ISWM = integrated solid-waste management, NMT = nonmotorized transport, O&M = operation and maintenance, PGLC = People's Government of Longsheng county, PMC = project management and capacity building consultant, PMO = project management office, PRC = People's Republic of China.

Source: ADB.