

RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description	Rating	Mitigation Measures	Responsibility
Technical			
Political instability may slow government decision-making, hampering timely and effective actions.	H	ADB's Sri Lanka Resident Mission will closely monitor the political situation. If the leadership changes, ADB, with other development partners, will swiftly engage in dialogue with the government.	ADB, Government of Sri Lanka, MOF, NPD, MOWCS, DSD, NSE, NSEC, NSPD, MOA, DAD
Continuous shortages and high prices of fuel may disrupt and slow down project activities, reducing their effectiveness and causing delays in project implementation.	S	The use of information technology and digital tools will be supported to mitigate negative impacts of fuel shortages on project activities, including cash transfers, data collection, monitoring and evaluation, and training to the extent possible. Monthly progress review meetings with the PCU and PIUs will review progress and resolve project implementation bottlenecks.	NPD, PCU, PIUs, MOWCS, DPCS, DSD, Women's Bureau, MOA, DAD, DOA, ADB
Financial management			
Multiple government agencies that have limited prior experience with ADB projects will implement project activities, which may result in delays and irregularities.	S	The NPD has experience in managing similar development partner funded projects. Drawing on existing government systems and processes at implementing agencies, the PCU at the NPD will provide guidance and support for PIUs, which will have designated staff for the project. ADB will organize training on financial management and disbursement for implementing agencies.	NPD, PCU, MOWCS, MOA, PIUs ADB
The government's current fiscal position may impact timely allocation and release of funds for project activities.	S	Budget allocation and timely release of funds for project activities will be monitored and reviewed in the quarterly project progress report. Loan and grant proceeds will be disbursed through the advance fund, statement of expenditure, and direct payment procedures under ADB's close monitoring and supervision.	NPD, PCU, MOWCS, MOA, PIUs ADB
As the project will support the existing government programs, the project funds may not be adequately segregated, and lack a dedicated project code and separate bank accounts.	H	A dedicated budget code will be created for this project. Two separate advance accounts will be opened and managed by the PCU and four separate advance subaccounts dedicated to the project funds will be opened and managed by the PIUs.	NPD, PCU, MOWCS, MOA, PIUs
The implementing agencies' internal audit functions are weak and lack follow-up of internal audit findings.	S	The project, including project coordination and management activities at the NPD's PCU and implementing agencies' PIUs, will be covered by the regular internal audit of the MOF.	MOF
External audit findings are not followed up or addressed by implementing agencies, which undermines the value of audit.	S	The status of external audit findings and implementation of audit recommendations will be included in the quarterly project progress report and	NPD, PCU, MOWCS, MOA, PIUs

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		reviewed and discussed with the implementing agencies during ADB's review missions.	
Procurement			
There is uncertainty surrounding information technology equipment procurement because of the current economic situation in Sri Lanka and the instability of the global information technology market.	M	A national procurement consultant will be engaged to support procurement processes undertaken by the implementing agencies.	MOWCS, MOA, PIUs, PCU, procurement consultant, ADB
Governance			
The existing social assistance programs, including cash transfers to farmers, lack formal rules, procedures, and requirements beneficiary enrollment, updating, and graduation; monitoring and evaluation; and grievance redress mechanisms.	H	The standardization of rules, procedures, and requirements will be supported through the development of additional modules of the Samurdhi CRM system and GeoGoviya platform. A formal and consistent set of rules and procedures for all aspects of cash transfer programs will be issued and implemented. National, local, and field-level officers will be trained in the procedures and tools.	MOWCS, DSD, MOA, DAD, NPD, MOF
The Samurdhi Bank is not regulated by the Central Bank of Sri Lanka or subject to external audit of the National Audit Office.	H	Discussions are ongoing between the Central Bank of Sri Lanka and the Samurdhi Bank. A centralized mechanism for directly depositing cash grants into beneficiaries' Samurdhi Bank accounts is being implemented, which will improve transparency, monitoring, and reporting. A special audit will be conducted by an independent auditor, acceptable to ADB, covering the systems and processes of fund flows in the Samurdhi Bank network.	DSD, Central Bank of Sri Lanka, Samurdhi Bank, National Audit Office

ADB = Asian Development Bank; CRM = Customer Relationship Management, DAD = Department of Agrarian Development; DPCS = Department of Probation and Childcare Services; DSD = Department of Samurdhi Development; H = high; L = low; M = moderate; MOA = Ministry of Agriculture; MOF = Ministry of Finance, Economic Stabilization and National Policies; MOWCS = Ministry of Women, Child Affairs and Social Empowerment; NPD = Department of National Planning; NSE = National Secretariat for Elders; NSEC = National Secretariat for Early Childhood Development; NSPD = National Secretariat for Persons with Disabilities; PCU = project coordination unit; PIU = project implementation unit; S = substantial.

Source: ADB.