

RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description	Risk Assessment	Mitigation Measures or Risk Management Plan	Responsibility
<p>Project implementation capacity. The government has a limited number of staff with limited experience in implementing large investment projects.</p>	Substantial	<p>The government and the PMU have gained implementation experience from executing the current project and through assistance from international consultants, including on-the-job training. The PMU will be supplemented by consulting services to be engaged under the additional financing, i.e., the CSC.</p>	MPWIELMD, PMU, CSC
<p>Climate risk. Climate risk screening shows a high climate change risk for the project.</p>	High	<p>ADB undertook a climate risk vulnerability assessment, and climate risks were factored into the preliminary design and also inform the detailed design of the harbor and related facilities, construction standards, and the harbor operation and maintenance arrangements.</p>	PMU, DDC
<p>Cyclones affect construction. Cyclones hit the outer islands regularly and may affect construction, imposing delays and disruptions.</p>	Moderate	<p>Such risk is uncertain and outside the project's control but will be mitigated by allowing marine works only during the dry season and requesting the contractor to prepare a cyclone contingency plan.</p>	Contractor, CSC, PMU
<p>Procurement. Insufficient procurement capacity in the government to manage ADB procurement procedures.</p>	Substantial	<p>The DDC will provide additional support to manage all procurement activities, including the use of electronic procurement. ADB will oversee these activities.</p>	CPU, PMU, DDC
<p>Procurement. All bids on the works contract are substantially higher than the cost estimate.</p>	Substantial	<p>ADB prepared a procurement risk assessment that includes various measures to achieve competitiveness in the bidding process so as to maximize the chances of receiving reasonably priced bids. Electronic procurement will be used and electronic media will be used in various stages. The use of a drone to film the project site will be used to provide better information and attract more potential bidders. Geotechnical information (already available) will reduce construction uncertainties and bidding prices.</p>	PMU, CPU, CSC

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<p>Fraud and corruption risks. Potential mismanagement of public funds, abuse of power by government officials, and conflict of interest</p>	Low	<p>The project officer in charge has strengthened and will continue strengthening the oversight of overall project activities through teleconferences every 2 weeks, and three review missions per year. No fraud or corruption issues have been identified in the original project and the first additional financing.</p>	ADB, PMU, CSC
<p>Financial management. Insufficient financial management capacity of the government</p>	Moderate	<p>Based on the financial management assessment, the risk associated with financial management is <i>moderate</i>. The executing and implementing agencies will be supported by the PMU and CSC for financial management. The significant weakness identified pertains to the lack of internal audit. The MOFT has agreed to provide internal audit support during project implementation. ADB prepared a financial management action plan, and financial management has been satisfactory during the implementation of the current project, which even allowed the use of advance account procedure.</p>	MPWIELMD, PMU, CSC, MOFT
<p>Operation and maintenance (sustainability). Among the project facilities, the dredged channel will require regular maintenance dredging, which may require specialized machinery that cannot be found in the country.</p>	Moderate	<p>The channel will require dredging after major cyclones, which seem to occur about once every 10 years. Plans setting out suitable arrangements for dredging the channel have been prepared under the current project. They specify location and availability of dredges (machinery that is unavailable in Tuvalu) and mechanisms for their deployment. The asset management plan for the maritime operations on the outer islands is an output of the current project, under an institutional strengthening component. This will be supported by the ongoing reform efforts of the government with the assistance of development partners. The Deferred Maintenance Fund will also mitigate this risk.</p>	MPWIELMD, CSC, ADB
<p>Governance. Change in national government could delay delivery of project benefits to the people</p>	Moderate	<p>Regular steering committee meetings keep all parties involved in the project informed. ADB will field at least three review missions, meeting the project team and the main government stakeholders.</p>	MPWIELMD, ADB
<p>Governance. High turnover of government staff who received training.</p>	Moderate	<p>The PMU and CSC will engage with the MPWIELMD and other government agencies to select key staff to be part of the training programs.</p>	MPWIELMD, PMU

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Governance. Stakeholders fail to reach a consensus on the direction or priority of development.	Moderate	The PMU and CSC will undertake regular consultations with stakeholders to keep them well-informed of the project development and direction.	MPWIELMD, PMU, CSC
Coronavirus disease pandemic. The outbreak of the coronavirus disease pandemic may delay project implementation (mobilization, default of potential contractors).	Substantial	Such risk is uncertain and outside the project's control. When possible, videoconference meetings will be arranged, and all procurement activities will be done electronically.	MPWIELMD, PMU, CSC
Population. A decrease in population may affect the number of passengers.	Moderate	Such risk is uncertain and outside the project's control.	MPWIELMD
Overall	Moderate		

ADB = Asian Development Bank; CPU = Central Procurement Unit; CSC = construction supervision consultant; DDC = detailed design consultant; MOFT = Ministry of Finance and Treasury; MPWIELMD = Ministry of Public Works, Infrastructure, Environment, Labor, Meteorology and Disaster; PMU = project management unit.
Source: Asian Development Bank.