

RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description	Rating	Mitigation Measures	Responsibility
1. Political and governance risk because of the lack or high turnover of ministry decision-makers	S	The project will clearly define responsibilities of all government agencies including the MFED, the MICTTD, and the MISE. ADB and the World Bank will have continuous consultation during project implementation at technical and decision-making levels.	Government, ADB, WB
2. Risk relating to technical design of the project given the remoteness of the project location, uncertainty because of climate change, and low government staff skills	L	The project draws from lessons learned from ADB and WB projects in Kiribati as well as from similar outer island maritime projects of ADB in the region (Tonga, Tuvalu, Marshall Islands, Federated States of Micronesia). As part of project preparation, detailed preparatory studies will be undertaken, including impacts of climate change and simulation or modeling of impacts of currents and erosion patterns to mitigate any environmental impact on infrastructure.	Government, ADB, WB
3. Implementation capacity constrained at all levels: government, local private sector, and civil society	S	The OIIU will be staffed appropriately. Additional international technical staff will be hired to support the preparation of related bidding documents and evaluation reports. Regular missions will help advance project implementation. At the implementing agency level (the MICTTD and the MISE), the project will dedicate resources for institutional strengthening and capacity building by involving private contractors and advisors whose contracts will include clear obligations for knowledge transfer.	Government, ADB, WB
4. Fiduciary risk because of the small pool of local expertise in financial management	S	Financial management functions will be kept with the KFSU, which has supported all the projects financed by ADB and the World Bank on procurement, financial management, and overall coordination. ADB will provide training on ADB's financial reporting, auditing requirements, and disbursement procedures, as needed.	Government, ADB, WB
5. Uncertainty related to estimated costs because of lack of experience with works in a remote environment	S	As part of project preparation, ADB and the World Bank undertook detailed preparatory studies and identified provisions for potential cost overruns. The consultant estimated costs for the most uncertain aspects of the project. Contingencies are built into project cost estimates.	Government, ADB, WB, consultants
6. Implementing agencies lack of procurement capacity and expertise in delivering complex projects	L	(i) Additional procurement expertise will be engaged through the OIIU. (ii) The KFSU, which has experience in delivering high-value, ADB-funded projects, will continue to be used. (iii) Procurement packages will be designed in a manner that will allow the most efficient use of the limited resources.	Government, ADB, WB
7. Potential mismanagement of public funds, abuse of power of government officials, and conflict of interest	M	The project team will strengthen the oversight works, including regular teleconferences and on-the-job training during review missions. The Kiribati Public Procurement Reform Program will help enforce the rules and regulations, highlight public procurement as a pillar of good governance, and strengthen the basis for legal action, if required.	Government, ADB, WB

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8. Country-specific risks: Lack of a nationwide asset management policy	S	<p>Ministries do not provide for sufficient budgets for operation and maintenance of assets under their responsibility. Assistance will be required to conduct an inventory of state assets and develop a policy for asset registry, valuation, depreciation, and maintenance.</p> <p>The government (through the MFED) has initiated an AMIS to account for all infrastructure investments and assets of the government. The AMIS should inform the budget allocation for repairs and maintenance of assets under the responsibility of various government agencies. The ADB project team will closely monitor progress in the government's implementation of the AMIS and budgetary allocation for repairs and maintenance.</p>	Government, ADB, WB

ADB = Asian Development Bank; AMIS = asset management information system; H = high; KFSU = Kiribati Fiduciary Services Unit; L = low; M= moderate; MFED = Ministry of Finance and Economic Development; MICTTD = Ministry of Information, Communication, Transport and Tourism Development; MISE = Ministry of Infrastructure and Sustainable energy; OIU = outer islands implementation unit; S = substantial; WB = World Bank.

Source: Asian Development Bank and World Bank.