

RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description	Risk Assessment	Mitigation Measures or Risk Management Plan
A. Project Related		
Geographical spread of project area may make decentralized project management difficult	Medium	District advisors will coordinate field activities with national and provincial oversight, and Ministry of Marine Affairs and Fisheries field offices in Sumatra will manage the national MPAs.
Frequent change in key project staff	Medium	PMO supported by ADB project officer will ensure that key project staff will not be transferred during project implementation period.
Sustainable livelihood programs fail to improve community welfare	Medium	Community organizations will be supported with analyses (including value chain analysis), tools, and mechanisms to develop viable and sustainable microenterprises.
Natural causes and climate impacts result in failures in livelihood models	Low	Climate resilience will be built into technical assistance for alternative livelihoods and integrated coastal zone management training.
B. Governance Related		
Inadequate enforcement of coastal and marine regulations	Medium	Joint patrols by communities, police, and navy will support enforcement of regulations.
Unclear authority among national, provincial, and district levels of government in managing national MPAs	Medium	Management plans for MPAs will be developed based on consensus-based stakeholder consultations, and will clarify authorities.
Policy changes at national level impacting local implementation	Low	The executing agency will quickly resolve interpretation of policies and communicate these to district government through official channels.
C. Procurement Related		
Weak capacity of procurement staff in district and national field technical implementation offices	Medium	Regular procurement training at district and technical implementing unit levels will be provided by project management office supported by loan implementation consultants.
Overlapping national laws and need for harmonization with ADB's procurement guidelines	Medium	ADB procurement guidelines will apply in the project. ADB is supporting the national procurement agency to ensure that its practices are in line with best international standards.
D. Financial Management Related		
Inadequate internal controls for fund flow to end users	Medium	ADB will coordinate with the executing agency and government's internal control institution initiatives to improve internal controls.

Risk Description	Risk Assessment	Mitigation Measures or Risk Management Plan
Delayed liquidation of project's expenses due to geographically dispersed project locations	Medium	District performance will be assessed based on timely submissions to the executing agency of liquidation paperwork; a strong executing agency team will be put in place for monitoring and evaluation.
National budget preparation may not be fully in line with project work plans	Low	Competent PMO financial management staff and project consultants with experience in government budget preparation will be selected; planning and review of budget processes begins early in the government budgetary cycle so that inaccuracies are minimized.
Overall	Medium	

ADB = Asian Development Bank, MPA = marine protected area, PMO = project management office.

Source: Asian Development Bank.