

RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description	Risk Assessment	Mitigation Measures or Risk Management Plan
External Shocks		
More frequent or intense tropical cyclones or other natural hazards in the future	Medium	The project will ensure that infrastructure investments meet standards for cyclone and earthquake resilience.
Governance		
Poor coordination between executing and implementing agencies and the agencies with oversight roles (Ministry of Public Enterprises, Ministry of Education and Training, and Tonga Energy Road Map Implementing Unit).	Medium	The implementing agencies regularly update the executing agency and the relevant agencies with oversight roles through a rigorous monitoring, reporting, and evaluation framework.
Stretched administrative capacity and resources of the government, adversely affects the implementation and effectiveness of the emergency assistance.	Medium	Adding capacity to the OIREP and CRSP implementation arrangements (project management unit and project implementation unit) will strengthen implementation and coordination capabilities, thereby ensuring effective delivery of the emergency assistance.
Public Financial Management		
Implementation could be delayed, leading to cost overruns.	Low	This risk can be mitigated by including positive incentives, for contractors i.e., price bonuses for early commissioning in the bidding document and plug-and-play solutions.
Poor coordination between IAs, EA, and the agencies with oversight roles (MPE, MET and TERM-IU) could reduce effectiveness.	Low	The implementing arrangements and coordinating framework established should ensure that IAs regularly update the EA and the relevant oversight agencies under a rigorous monitoring, reporting, and evaluation framework.
Procurement		
Delayed procurement of additional consulting services and mobilization of existing PMU and PIU consultants.	Low	Advance action will be taken to procure consultants.

National PMU consultants cannot be government staff, which limits availability.	Low	Consultant packages, including salaries, leave, and retirement fund entitlements, will be made competitive with those of the government and other development partners for the project's duration. All actions required will be implemented under the good governance framework. ADB will ensure close coordination between the MFNP, the MOI, and TPL on the procurement process.
Delays in engagement of works contractors, procurement and work progress.	Low	Project start-up activities will begin immediately following project approval to enable timely detailed design, preparation of bid documents, and tendering and award of contracts. Advance contracting will be undertaken to recruit the individual consultants and to procure services and goods.
Contractors may lack capacity.	Low	Financial and technical capacities of bidders will be confirmed by evaluation according to explicit criteria before contract award. If any material deviation is noted in satisfying the technical and financial qualification criteria, the bidder will not be considered for an award of contract.
Tonga poses significant difficulties in transport logistics, materials availability, and availability of skilled labor, particularly on its outer islands.	Low	Quality plans will be prepared by each contractor for acceptance by the PMU and PIU engineer, and contractor compliance will be effectively monitored afterwards (with the assistance of construction observers, where necessary). The supervision consultant team will include a quality assurance specialist who will be responsible for overall quality assurance for the project.

Corruption

Corruption is a potential risk to the proper procurement of consultants and in works contracts.	Medium	The PMU and PIU include procurement, contracts, and quality assurance specialists to participate in, monitor, and audit quality control. ADB will also conduct review missions and provide safeguards and additional due diligence as required to monitor ongoing progress and initiate remedial action where necessary.
Materials and work quality not to contract specifications.	Medium	The PMU and PIU include procurement, contracts, and quality assurance specialists to participate in, monitor, and audit quality control. ADB will also conduct review missions and provide safeguards and additional due diligence as required to monitor ongoing progress and initiate remedial action where necessary.

Overall **Low**

ADB = Asian Development Bank, EA = executing agency, IA = implementing agency; MET = Ministry of Education and Training; MFNP = Ministry of Finance and National Planning; MOI = Ministry of Infrastructure; MPE = Ministry of Public Enterprises; PIU = project implementation unit, PMC = project management consultant, PMU = project management unit; TERM-IU = Tonga Energy Road Map-Implementation Unit; TPL = Tonga Power Limited.
Source: Asian Development Bank.