

RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description	Risk Assessment	Mitigation Measures or Risk Management Plan
Technical		
More frequent or intense future floods or other natural hazards	Medium	The project will ensure that infrastructure investments meet standards for climate and disaster resilience.
Limited capacity of MID for operations and maintenance jeopardizes the sustainability of the infrastructure.	Medium	Through the institutional strengthening and capacity development component of the TSDP, the executing agency has improved operations and maintenance, and is undergoing training to step up its abilities for project implementation and operation, and asset management, to improve infrastructure sustainability.
Stretched administrative capacity and resources of the government	Medium	Adding capacity to the TSDP implementation arrangements (i.e., the CPIU) will strengthen implementation and coordination capabilities, thereby ensuring effective delivery of the emergency assistance.
Governance		
Public Financial Management		
The institutional capacity of MID to manage finances is low; there is no internal audit function.	High	Through the institutional strengthening and capacity development component of the TSDP, the executing agency has considerably improved public financial management. Continued support is still needed, particularly for regular audits.
Procurement		
Delays in engagement of works contractors, procurement, and work progress	Low	The unallocated funds under the TSDP, and advance action, will be used to procure consultants, which will expedite implementation processes.
Corruption		
Given cultural issues, bribes and corruption could be accepted as standard practice, particularly among members of the same island group.	High	MID and the CPIU will support anticorruption efforts and transparency through wide consultation on major project decisions, and subproject selection and implementation. The CPIU has prepared an anticorruption strategy and action plan.
Overall		Medium

CPIU = central project implementation unit, MID = Ministry of Infrastructure Development, TSDP = Transport Sector Development Program;

Source: Asian Development Bank.