

RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description	Rating	Mitigation Measures	Responsibility
1. Lack of guidelines, policy, and capacity to manage the assets of the Avaroa Cables.	M	An experienced PMU will help Avaroa Cables to establish relevant guidelines and practices to manage its assets. There will be sufficient time for the PMU to train and develop the capacity of Avaroa Cables staff to sustain it after implementation. Avaroa Cables will leverage knowledge and experience from PSG parties to maintain the cable system.	Avaroa Cables
2. Monopoly or collusion among local supplier(s) prevents decrease in retail internet price	M	The Government of the Cook Islands is in the process of implementing its information and communication technology policy and setting up the office of a telecommunications regulator. The regulator is scheduled to be in place by the end of the first quarter of 2018 and will ensure fair and competitive pricing for retail users.	Government of the Cook Islands
3. Lack of technical experience in the government relating to submarine cable projects	M	The Government of the Cook Islands has already set up Avaroa Cables to join the PSG to prepare and implement the project. PSG members SSCC and OPT have experience in implementing and managing submarine cable systems. Moreover, Avaroa Cables will be supported by an experienced PMU to manage day-to-day activities during implementation.	PMU and PSG
4. Delays in implementing telecommunications sector reforms	M	ADB has provided technical assistance to recruit a legal consultant to help the government finalize the legislation to reform ICT sector, which is expected to be tabled in Parliament in the fourth quarter of 2017. ¹ The project team will closely monitor the progress and will provide necessary support.	Government of the Cook Islands
5. Land for cable path and landing station is not made available in a timely manner	H	In any cable project, there is a low land requirement. However, in the Cook Islands, even land used for public services is privately owned, and permission is required for any further development. The government is preparing a bill to facilitate the use of land for public services; it is expected to become effective in the fourth quarter of 2017.	Government of the Cook Islands
6. Weak procurement and financial reporting capacity of newly established Avaroa Cables	M	Avaroa Cables is a newly established state-owned corporation. It will engage an experienced PMU to support it in contract and financial management. ADB will oversee the procurement process. A time-bound action plan has been developed to set up a financial management system and train Avaroa Cables staff before project implementation ends.	Avaroa Cables

¹ ADB. 2013. *Technical Assistance to Pacific Information and Communication Technology Investment Planning and Capacity Development Facility*. Manila

		The project will not have any imprest account for the project cost. ADB will disburse directly to the supplier and consulting firm against the withdrawal application. Such arrangements will minimize financial management issues.	
7. Lack of consortium financing delays implementation of the cable system	H	AFD, EIB, and the Government of New Zealand are the other cofinanciers for the Manatua cable system. The Government of New Zealand has approved its funds, and AFD and EIB are in the advanced stages of approving funds for the project. The construction and management agreement expected to be signed in Q4 2017 will finalize the financing amount. All cofinanciers will enter into a memorandum of understanding on the financing arrangement.	PSG
8. Inefficient and ineffective corporate governance process within Avaroa Cables prevents decrease in wholesale internet price	M	Avaroa Cables is setting up its governance process. The project will engage an experienced group of consultants to help Avaroa Cables establish its organizational structure and internal processes. If necessary, ADB will help Avaroa Cables with technical assistance to help it become more efficient.	Avaroa Cables
9. Non availability of Avaroa Cables staff to manage finance and accounting	M	The PMU will have experienced financial management consultants to support Avaroa Cables in setting up practices, systems, and procedures to manage finance and accounting. A time-bound action plan has been prepared to ensure proper handover of documents and training for Avaroa Cables permanent staff.	PMU
10. Misuse of funds during implementation	L	There is no imprest account for the project. All funds will be paid directly to the suppliers against validated withdrawal applications.	Avaroa Cables
11. Inappropriate practices in the procurement process	L	The main procurement component for the project, concerning the submarine cable system, has already started and is being supervised by ADB and other financiers. The value of the other procurement packages are relatively small.	PSG
12. Unavailability of internet service as a result of environment and climate change	L	Most of the submarine cable lies on the deep seabed and will not be affected by weather disruptions. The landing station location and construction will be determined taking into consideration possible weather disruptions and natural calamities.	Avaroa Cables

ADB = Asian Development Bank, AFD = Agence Française de Développement, EIB = European Investment Bank, H = high, L = low, OPT = Office des Postes et Télécommunication (mail and telecommunications office), M = moderate, MFAT = Ministry of Foreign Affairs and Trade (New Zealand), MOU = memorandum of understanding, PMU = project management unit, PSG = project steering group, SSCC = Samoa Submarine Cable Company
Source: Asian Development Bank.