

RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description	Rating	Mitigation Measures	Responsibility
1. Lack of guidelines, policy, and capacity to manage the assets around the submarine cable in Nauru	M	An experienced PMU will help NCC to establish relevant guidelines and practices to manage its assets. The PMU will have sufficient time to train NCC staff and develop their capacity for maintaining the assets after implementation. NCC will leverage knowledge and experience from SC parties to maintain the cable system.	NCC
2. Monopoly or collusion between local supplier(s) prevents decrease in retail internet price.	M	The governments of Nauru and Kiribati have implemented their information and communication technology policy and set up the office of the telecom regulator. The regulators are responsible to ensure fair and competitive pricing for retail users.	The telecom regulators in Nauru and Kiribati
3. Lack of technical experience in government relating to submarine cable projects	H	The Government of Nauru has already set up NCC to join the SC in preparing and implementing the project. Moreover, NCC will be supported by an experienced PMU to manage day-to-day activities during implementation.	PMU and SC
4. Weak procurement and financial reporting capacity of newly established cable companies in Nauru and Kiribati	M	Nauru's NCC and Kiribati's BNL are newly established state-owned corporations. They will each engage an experienced PMU to support them in contract and financial management. ADB will oversee the procurement process.	NCC and BNL
5. Approved funds from ADB and the World Bank are not enough to cover EMC costs.	L	Current cost estimate is conservative and most likely sufficient to cover the actual cost. In case of cost overrun, ADB and the World Bank will process additional financing to bridge the gap.	ADB and the World Bank
6. Inefficient and ineffective governance processes at NCC and BNL prevent a decrease in wholesale internet prices.	M	NCC and BNL are setting up their governance processes. The project will engage an experienced group of consultants to help NCC and BNL establish their organizational structures and internal processes. If necessary, ADB will help them with technical assistance to be more efficient.	NCC and BNL
7. Lack of staff to manage finance and accounting	H	The PMUs will have experienced financial management consultants to support the cable companies in setting up practices, systems, and procedures to manage accounting. A time-bound action plan was prepared to ensure proper handover of documents and training for all permanent staff.	PMUs
8. 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.	NCC and BNL
9. Inappropriate practice in procurement process	L	The main procurement component for the project, concerning the submarine cable system, has already begun and was supervised by ADB and the World Bank.	SC and ADB

		Other procurement items are relatively small.	
10. Unavailability of internet service as a result of environmental and climate change	L	Most of the submarine cable lies on the deep seabed and is not affected by weather disruptions. The landing station location and construction will be determined taking into consideration possible weather disruption and natural calamities.	NCC and BNL
11. Southern Cross Cable Company's NEXT cable system gets delayed.	H	Southern Cross Cable Company has been running a cable system for 15 years and is very experienced. The implementation is not likely to be delayed significantly. BNL will not sign the contract till the NEXT project officially starts.	BNL
12. Lack of coordination between ADB and the World Bank delays EMC system procurement.	L	ADB and the World Bank already drafted a memorandum of understanding detailing the procurement arrangement. Should there be any need for further coordination, ADB and World Bank project officers will play the focal roles for the two institutions.	ADB and the World Bank
13. Lack of integrity in executing project-related activities	M	The project's procurement and financial management activities will be supervised by ADB and the World Bank, and be supported by experienced PMU teams knowledgeable in ADB's and the World Bank's anticorruption and integrity policies. For any financial transaction, ADB will make a direct payment after the PMU confirms the completion of the activities.	ADB, World Bank, and PMUs

ADB = Asian Development Bank, BNL = Bwebweriki Net Limited, EMC = East Micronesia Cable, H = high, L = low, M = moderate, NCC = Nauru Cable Corporation, PMU = project management unit, S = substantial, SC = steering committee.

Source: Asian Development Bank.