

RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description	Rating	Mitigation Measures	Responsibility
Repeated or major external shocks (e.g., disasters or economic downturns) hurt the economy.	S	Development partners (including ADB) help the government build buffers to improve its resilience to economic shocks. Program policy actions also help improve resilience.	Government of Palau, development partners (including ADB)
Staff constraints or shifting priorities delay the strategic planning and/or implementation of reforms.	S	ADB and the executing/implementing agencies monitor reform progress regularly, and TA from development partners supports selected actions.	Government of Palau, development partners (including ADB)
Financial management procedures for disaster response and recovery are inadequate.	M	The government has reasonably robust financial management procedures, and TA will help overcome weaknesses in public financial management during disaster response.	Government of Palau, ADB
Government agencies fail to prioritize policy actions in the program monitoring framework.	M	The program monitoring framework was discussed and agreed with the implementing agencies, and their interest in continuing reforms has been verified. TA from development partners (including ADB) and regular monitoring by ADB will help ensure implementation.	Government of Palau, ADB
Requested withdrawal amount exceeds short-term post-disaster financing needs.	L	The Government of Palau has an incentive to ration access to ensure that funds are available for any subsequent disasters. It will be able to deposit back funds if it determines that it has withdrawn more than necessary. The National Emergency Management Office and the Ministry of Finance will support the monitoring of disaster financing needs. The Government of Palau and ADB will agree on the withdrawal amount before a withdrawal application is submitted.	Government of Palau, ADB

ADB = Asian Development Bank, DRM = disaster risk management, L = low, M = moderate, S = substantial, TA = technical assistance.

Source: Asian Development Bank.