

RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description	Risk Assessment	Mitigation Measures or Risk Management Plan
<p>Renewable Energy charter implementation Government actions and development partner support are inadequate to implement the CIRECIP</p>	Medium	<p>The government is committed to implementing the CIRECIP to attain 100% renewable energy diffusion on all islands by 2020.</p> <p>The governments of the Cook Islands and New Zealand have started renewable energy subprojects on 6 islands of the Northern group, whereby 50% of inhabited islands will convert to an energy system based on renewable sources by 2015.</p> <p>The institutional strengthening and project management support component under the project will help update CIRECIP to help smooth implementation.</p>
<p>Noncore subproject delay Implementation is delayed due to delays in noncore subproject preparation, land acquisition, and procurement</p>	Medium	<p>The consulting services for institutional strengthening and project management support will assist the PMU in noncore subproject design, preparation of social and environmental safeguards, construction supervision, and post-project evaluation. Experienced EPC contractors, to be selected through international competitive bidding, will comprehensively cover detailed engineering design, equipment and material procurement, civil works, installation, and operation and maintenance training.</p>
<p>project management Support, performance, and coordination at REDD and TAU are weak and inadequate.</p>	Medium	<p>TAU is the major state-owned utility and REDD is the sole implementation body of the CIRECIP, having extensive experience in project management. Risk rating for procurement capacity is average, and financial management capacity is moderate. Both TAU and REDD lack experience in procurement and financial management in compliance with ADB. Capacity training in procurement and disbursement has been carried out under project preparatory technical assistance. The consulting services for institutional strengthening and project management support will help strengthen the PMU's procurement and financial management capacity.</p>
<p>Corruption Internal control and audit do not work in procurement and disbursement</p>	Low	<p>The Ministry of Finance and Economic Management, REDD, and TAU have well-established internal control, accounting, and audit systems and procedures. An independent anticorruption committee for monitoring corruptive practices, and investigating and resolving allegations of corruption, was established in 2013.</p>
Overall	Medium	

ADB = Asian Development Bank, CIRECIP = Cook Islands Renewable Energy Charter Implementation Plan, EPC = engineering, procurement, and construction, PMU = project management unit, REDD = Renewable Energy Development Division, TAU = Te Aponga Uira.

Source: Asian Development Bank.