

RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description	Risk Assessment	Mitigation Measures or Risk Management Plan
<p>Financial management The government does not meet the requirements for project accounting, auditing, and reporting.</p>	Medium	<p>The FRA will recruit an additional financial management specialist and/or accountant to keep separate project accounts for each project financier.</p> <p>The FRA will ensure that project accounts and working papers are produced on time for the annual audit. Any issues raised in the audit report will be dealt with and rectified promptly.</p>
<p>Government budget allocations for investment, maintenance, and service delivery do not meet needs identified in sector plans.</p>	Medium	<p>A loan assurance is included to ensure adequate funds toward operation and maintenance of project facilities, through budgetary allocations or other means, before and after project completion.</p>
<p>Procurement Procurement of civil works and recruitment of consultants are not carried out in accordance with ADB guidelines.</p>	Medium	<p>ADB prior review is required for the approval of request for proposal documents for selection of consultants, shortlist of firms, technical evaluation, financial evaluation, and contract negotiations prior to contract award for civil works.</p> <p>ADB prior review is required for the approval of bidding documents and bid evaluation reports, prior to contract award for civil works contracts.</p>
<p>Corruption</p>	Medium	<p>The FRA has well-established internal control, accounting, and audit procedures. In the event of allegations of fraud, bribery, or corruption, it refers the matter to the Fiji Independent Commission against Corruption and, in addition to the FRA's own investigations, to the police. If the alleged incident involves a party inside the FRA, the party will be suspended until the alleged incident is resolved.</p>
<p>Subproject selection Subprojects are not selected in accordance with government priorities and are politically driven.</p>	Medium	<p>A loan covenant will be included to ensure the government's endorsement of the 20-Year National Transport Infrastructure Plan, which is due to be finalized under ongoing policy and advisory technical assistance by March 2015.</p> <p>Subprojects must be selected according to the priorities of the 20-Year National Transport Infrastructure Plan.</p> <p>ADB approval is required for subproject screening and feasibility studies.</p> <p>Technical assistance will be provided to the relevant ministries (Finance; Transport and Infrastructure) to build capacity to review and approve subproject selection and feasibility studies, and streamline national policy objectives with sector-specific policies and plans.</p>

<p>Implementation agency capacity The FRA may lack the capacity to implement the project.</p>	Low	<p>FRA procurement staff are experienced in implementing ADB projects and in following ADB Procurement Guidelines (as amended from time to time).</p> <p>The FRA will establish a project supervision team staffed with a project manager, accountant, environmental safeguard specialist, and social safeguard specialist.</p> <p>Design and supervision consultants will assist the FRA in preparing feasibility reports and detailed designs, and carrying out construction supervision. A quality–cost ratio of 90:10 will apply to the selection of design and supervision consultants.</p>
<p>Implementation delays Project implementation delays occur because of late subproject preparation.</p>	Medium	<p>Advance action for the selection of design and supervision consultants in accordance with the Guidelines on the Use of Consultants (2013, as amended from time to time).</p> <p>The FRA will use its existing engineering consultants to carry out feasibility studies and detailed design for a bridge and/or jetty replacement subproject in accordance with the agreed subproject selection criteria. Upon approval of the subproject and completion of detailed design, the subproject will be procured in accordance with ADB Procurement Guidelines.</p>

Overall **Medium**

ADB = Asian Development Bank, FRA = Fiji Roads Authority.
Source: Asian Development Bank.