

RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risks	Assessment without Mitigation	Management Plan or Measures	Assessment with Mitigation
1. Governance			
1.1 Weak governance in financial management and procurement	Medium	<p>This is a program loan and will not entail any direct procurement.</p> <p>Public procurement standards have also improved since the introduction of the Public Procurement Regulations in 2003, Public Procurement Act of 2006, and Public Procurement Rules of 2008. In addition to strengthening the Anticorruption Commission and revising the Anticorruption Commission law in line with the United Nations Convention against Corruption, the annual declaration of assets by public servants and lower-court judges has been instituted, and a mechanism for handling grievances has been established in line ministries and agencies.</p>	Low
1.2 Corruption and weak government effectiveness reduce the development impact	Medium	<p>The government is committed to establish good governance, which has been identified as a priority area in the Sixth Five-Year Plan, FY2011–FY2015.¹ In past years, the government implemented several key governance reforms, including establishing independent information and election commissions, enacting a public money and budget management law, enacting uniform public procurement law and rules, and expanding e-governance in the public sector. The new Right to Information Act, 2009 should also result in a more transparent and accountable government.</p> <p>ADB's capacity-building support on governance continues to focus on (i) reducing corruption; (ii) improving public financial management, public management, and procurement; and (iii) developing institutional capacity.</p> <p>Together with other development partners, ADB will continue to engage the government to deepen its procurement and anticorruption reforms.</p>	Low
1.3 Fiduciary arrangements for budget support and	Medium	PFM reform has been undertaken to make resource allocation more effective, prioritize spending, and increase budget execution	Low

¹ Government of Bangladesh, Planning Commission, Ministry of Planning. 2011. *Sixth Five-Year Plan: FY2011–FY2015*. Dhaka.

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soundness of PFM, risks include (i) weak budget preparation capacity and the separation of the capital and non-development budgets, (ii) large off-budget fiscal activities of local governments and public sector corporations, (iii) little effort to mobilize revenues, and (iv) limited performance reporting		capability. The Public Expenditure and Financial Accountability ² supports integrated and harmonized approaches to assessment and reform for public expenditure, procurement, and financial accountability. As a result, information on fiscal and resource management is now more accurate and better presented. Auditing capacity has been strengthened and performance auditing has been introduced.	
2. Political and/or organizational			
2.1 Political instability	Medium	ADB along with other development partners and civil society representatives will continue dialogue with the government.	Low
2.2 Government commitment to capital market reforms and key legislation is not adopted in a timely manner	Medium	An interagency monitoring and tracking committee was established in July 2012 to assist in driving the reforms in preparation of the first tranche policy reform measures. In addition, the structuring of robust implementation arrangements will be integral to ensure success of the proposed CMDP II. These arrangements will entail commitment from the highest level of government and all the stakeholders to ensure the successful implementation of the program. A steering committee to oversee and guide the process will be chaired by the Secretary of the Bank and Financial Institutions Division of the Ministry of Finance This committee will be an inter-agency group of government entities working with the private sector and assisted by a secretariat comprised of a staff with the requisite technical and management skills.	Low
2.3 Lack of coordination and strong commitment	Medium	The chairperson of the steering committee will have the clout to set goals, assign tasks, monitor and enforce progress, as well as ensure strong	Low

² Public Expenditure and Financial Accountability is a partnership of the Department for International Development of the United Kingdom, the European Union, the French Ministry of Foreign Affairs, the International Monetary Fund, the Royal Norwegian Ministry of Foreign Affairs, the Swiss State Secretariat for Economic Affairs, and the World Bank.

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among stakeholders to see through the reforms in capital markets		commitment and coordination amongst stakeholders.	
2.4 Macroeconomic risk	Medium	Government's strong commitment to achieve macroeconomic goals set in Vision 2021 ³ and the Sixth Five-Year Plan will mitigate the risk.	Low
Overall	Medium		Low

ADB = Asian Development Bank, CMDP II = Second Capital Market Development Program, PFM = public financial management.

Source: Asian Development Bank.

³ Government of Bangladesh, Planning Commission, Ministry of Planning. 2010. *Outline Perspective Plan of Bangladesh – Making Vision 2021 a Reality: FY2010–FY2021*. Dhaka.