

## RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description	Rating	Mitigation Measures	Responsibility
<b>Country Level Risks</b>			
Political and economic instability create conditions leading to higher incidence of outbreaks.	L	ADB to continue dialogue with the government on COVID-19 response and socio-economic recovery	ADB
Weaknesses in the country-level PFM system include low budget credibility, limited information provided in budget documentation, inadequate public access to fiscal information, and limited compliance with internal controls and financial reporting standards.	S	Continue the implementation of PFM reforms in line with the PFM reform plan, including strengthening the policy and regulatory framework for expenditure and revenue management, enhancing budgeting and expenditure management, and updating national financial reporting standards to align with international financial reporting standards.	MEF, MOH
Weak institutional capacity to enforce anticorruption legislation increases the risk of corrupt practices.	H	Continue support for public sector management reforms, and oversight and assurance functions, including those at MEF, NAA, and internal audit units at MEF and line ministries.	MEF, NAA
<b>Relevant Risks Identified for the Original Loan and Updated for Additional Financing</b>			
Insufficient financial and administration support by the government for the health sector is exacerbated by the COVID-19 pandemic.	S	DPs to advocate for greater health sector support by the government, including increases to budgetary allocations.	DPs, MOH, MEF
		Support MOH in strengthening AOPs, including budgeting and staff requirements.	PMU
Insufficient budget for operation and maintenance at the province, district, and hospital levels may constrain project implementation and sustainability.	M	Finance operation, maintenance, and medical consumable costs for equipment procured under the project.	PMU
		Strengthen budget allocation at the project level by working closely with MOH, PHDs, and hospitals in the preparation of the AOPs and budgets.	PMU
Insufficient national and subnational administrative capacity for financial management and procurement at project IAs.	M	Reengage staff with ADB project implementation experience.  PMU to engage additional finance officers to help support its increased workload with 29 IAs and 81 hospitals targeted under the additional financing.  Ensure all FM and procurement personnel are familiar with the government SOPs for implementing donor funded projects.  Ensure SOPs and other project documentation are updated to reflect the	ADB, PMU

Risk Description	Rating	Mitigation Measures	Responsibility
		<p>changes in the project structure resulting from the additional financing. Ensure project chart of accounts is updated to reflect any changes in the project structure.</p> <p>Provide refresher FM and procurement training for PMU and existing IA personnel implementing the project based on updated project documentation.</p> <p>Provide detailed FM and procurement training to all personnel from the new IAs selected to participate on the project.</p> <p>Provide support from international procurement and national procurement and financial management consultants.</p>	
The decentralized nature of the project with 29 implementing agencies increases the complexity of project financial management arrangements, including the management of multiple bank (1 loan account, 1 grant account and 26 sub accounts)	M	<p>Provide support to PMU through international and national consultants.</p> <p>Provide staff dedicated to project financial management in PHDs.</p> <p>PMU to regularly train and supervise the implementation units in PHDs.</p> <p>The central PMUs to conduct all procurement activities.</p>	ADB, PMU
Delays by IAs in liquidation of SOEs would impact the replenishment of the advance accounts and subaccounts and delay project implementation.	M	<p>Ensure all project IA finance staff are trained on SOE procedures.</p> <p>PMU finance personnel regularly monitor liquidations prepared by project IAs.</p>	PMU
The government's financial management information system is not operational in all implementing agencies which could impact the accuracy, completeness, and timeliness of financial reporting.	M	Project financial transactions will be captured on a separate automated accounting system similar to what is currently used under the original project.	PMU
<b>Project Risks Related to Additional Financing</b>			
<b>Project Oversight and Management.</b> A change in the MOH oversight or project management arrangements could result in additional financing implementation delays.	M	Commit to maintaining the current Health Security Project steering committee and project director for the additional financing aspects throughout implementation.	MOH
<b>Budgeting.</b> Program budgeting not fully embedded at all the implementing agencies, reducing	S	Prepare project budgets in accordance with the government's latest SOPs.	PMU

<b>Risk Description</b>	<b>Rating</b>	<b>Mitigation Measures</b>	<b>Responsibility</b>
the effectiveness of the budget process		PMU finance staff to support staff at project IAs to ensure that sufficient funds, including counterpart funds, are available to implement project activities when required.	
<b>Accounting and Reporting.</b> The current project chart of accounts and project banking arrangements are not sufficient to support additional financing implementation.	M	<p>Establish a separate output for COVID-19 emergency response and update the project chart of accounts to ensure that the additional financing can be easily traced by output, by disbursement category, and by fund source.</p> <p>Establish two separate advance accounts (one for the loan and one for the grant) for managing and processing additional financing activities. Establish 26 separate subaccounts (one at CNM and at each of the 24 PHDs and 1 municipal health department) to facilitate loan disbursements.</p> <p>Project financial procedures to be updated to reflect new requirements for the additional financing.</p>	MOH, PMU
<b>External Audit.</b> Inefficient and uneconomic completion of external audits of the original and additional financing projects.	M	<p>Notify the external auditor early of the requirement to audit the additional financing along with the annual audit of the original project.</p> <p>Update the audit terms of reference to include the audit of the additional financing along with the annual audit of the original project.</p>	MOH, PMU
<b>Procurement.</b> Supply chain affected by COVID-19 causing delay in delivery of goods	L	<p>Leverage on proven existing contracts of similar technical scope where possible.</p> <p>Undertake advance procurement on high priority items to maximize time for procurement arrangement.</p>	MOH, PMU
<b>Effectiveness.</b> Health staff unable to participate in training because of COVID-19 restrictions, impacting the effectiveness of project investments	H	Training delivered online. PIUs to ensure post-training support of trainees through follow-up monitoring and on-site capacity development	MOH, PMU, PIU
<b>Overall</b>	<b>M</b>		

ADB = Asian Development Bank, AOP = annual operational plan, COVID-19 = coronavirus disease, DHS = Department of Hospital Services, DP = development partner, FM = financial management, FMA = financial management assessment, H = high, IA = implementing agency, L = low, M = moderate, MEF = Ministry of Economy and Finance, MOH = Ministry of Health, NAA = National Audit Authority, OAG = Office of the Auditor General, PFM = public financial management, PHD = provincial health department, PIU = provincial implementation unit, PMU = project management unit, S = substantial, SOE = statement of expenditure, SOP = standard operating procedures.

Source: ADB.