

RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description	Rating^a	Mitigation Measures	Responsibility
Global economy Private investment growth might slow because of lower remittance inflows resulting from the economic deterioration of major trading partners.	H	Continuance of TA and policy dialogue with the government to support efforts to diversify the economy from remittance-led consumption.	ADB and MOF Development partners
Macroeconomic Further weakening of economic growth because of worsening external factors widens revenue shortfalls and delays fiscal consolidation.	M	Close development partner coordination will help ensure consistency in reform advice and support through targeted interventions. ADB analytical, technical, and financial support is helping the government implement critical reforms to achieve inclusive, broad-based economic growth.	ADB and MOF Development partners
Program implementation Weak administrative capacity of implementing agencies because of a lack of skilled staff, limited resources, and other competing priorities.	H	Close coordination with key government agencies through ADB's resident mission and provision of TA to support administrative and implementation efforts.	ADB, MOF, and implementing agencies
Volatile political situation and changes in leadership lead to weakening reform momentum.	H	Close coordination with key government agencies through ADB's resident mission and provision of TA to support administrative and implementation efforts.	ADB, MOF, and implementing agencies
Unexpected shocks such as COVID-19 or urgent domestic issues cause delays in implementing critical reforms.	M	Continuance of TA and policy dialogue with the government to support efforts to implement critical banking reforms.	ADB, MOF, and implementing agencies
Weak coordination across government agencies and development partners.	M	Close coordination with key government agencies through ADB's resident mission and provision of TA to support administrative and implementation efforts.	ADB, MOF, and implementing agencies
Public finance management Delayed implementation of critical public financial management and accounting reforms causes	M	A new public financial management strategy, approved in January 2020, raised requirements for fiscal discipline. Ongoing TA provided by ADB, the World Bank, the EU, and other	ADB and MOF Development partners

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suboptimal creation of fiscal space and lower public investment.		development partners supports the strategy's implementation.	
Lack of internal audit units and insufficient internal controls in line ministries weakens expenditure management and could lead to diversion and mismanagement of funds.	H	Regional TA is being prepared to help improve the debt management capacity of the line ministries. Quarterly MOF reports will be issued on the performance of the national budget, which will include specific information on the government's fiscal stimulus expenditures. TA is being provided to support capacity development of MOF officials to improve PFM, including internal audit.	ADB and MOF Development partners
Procurement Weak internal rules and public procurement practices carry a significant risk of fraud and abuse of funds.	M	The law requires the procurement of goods and services to be competitive and efficient and to incorporate market principles. All public procurement must be arranged through an e-procurement web portal that streamlines procedures and raises transparency.	ADB and MOF

ADB = Asian Development Bank, COVID-19 = coronavirus disease, EU = European Union, MOF = Ministry of Finance, PFM = public financial management, TA = technical assistance.

^a H = high, S =substantial, M = moderate, L = low.

Source: Asian Development Bank.