

RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description	Rating	Mitigation Measures	Responsibility
<p>Global economy More severe COVID-19 pandemic causes widespread and prolonged disruptions to economic activity directly, through global trade and supply chain spillovers and via confidence effects on financial markets and investment.</p>	H	<p>Cooperate with other development partners, specialized donors and UN-specialized agencies to support government's efforts to contain the spread of coronavirus (immediate- to short-term) and strengthen health care system and capacity (long-term).</p> <p>Mobilize analytical and well-targeted budget support to inject fiscal stimulus into the economy.</p>	ADB and MOF Development partners, UN-specialized agencies
<p>Rising protectionism in trade policy and retreat from multilateralism.</p>	M	<p>Continue with TA and project investments in support of diversifying trade and FDI.</p>	ADB and MNE
<p>Macroeconomic Further weakening of economic growth due to worsening external factors widens revenue shortfalls and delays fiscal consolidation.</p>	H	<p>In the short-term, provide well-targeted budget support to inject fiscal stimulus to safeguard productive sectors and SMEs from economic downturn.</p> <p>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 to implement critical reforms that aim to achieve inclusive, broad-based, economic growth.</p>	ADB and MOF Development partners
<p>Program implementation Changing government priorities delays the implementation of government's COVID-19 Countercyclical and Health Response Plan.</p>	L	<p>Unless the circumstances warrant a reprioritization of effort, coordinate with other development partners to urge government to maintain its course.</p> <p>Provide TA or re-scope existing TA to support the implementation of the COVID-19 Countercyclical and Health Response Plan.</p>	ADB and Office of the President
<p>Weak administrative capacity</p>	M	<p>The capacity of agencies to implement the action plan to prevent and mitigate the impact of global COVID-19 related potential risks to the national economy may be constrained by lack of skilled staff, limited resources, and other competing priorities. The program reduces this risk by ensuring close coordination through ADB's resident mission, regular meetings with key</p>	ADB and MOF

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		government agencies, and provision of TA to support administrative and implementation efforts.	
Coordination across government agencies and development partners is weak.	M	The government established a task force on mitigating measures for COVID-19 and to address the impacts of the pandemic. The task force is chaired by the Prime Minister to ensure good coordination across ministry heads. The WHO and UNICEF have worked with MOHSP to develop the Tajikistan COVID-19 country preparedness and response plan. Development partner coordination is ongoing through the donor coordination council. An action-plan to prevent and mitigate the impact of global COVID-19 related potential risks to the national economy also was approved by the Prime Minister. ADB has also provided feedback and input to the government's response plans.	ADB and MOF, development partners
Governance and oversight arrangements in the NBT are weak.	L	ADB will engage in policy dialogue with the NBT to review and strengthen the governance and oversight arrangements in the NBT, including monetary and financial measures.	ADB and NBT, Development partners
<p>Public finance management</p> <p>Critical public financial management and accounting reforms have not been implemented which will lead to poor resource allocation, budget execution, and monitoring, reporting and accounting.</p>	M	<p>A new public financial management strategy covering 2020-2030 was approved in January 2020, with key objectives of improving fiscal discipline, allocative efficiency and transparency of public financial resources. Ongoing TA is being provided by ADB, World Bank, EU and other development partners to support the implementation of the strategy.</p> <p>ADB TA will be provided to help improve the financial management capacity of the line ministries, including monthly reports for the first three months and then quarterly reports from the Ministry of Finance on countercyclical expenditures. The government has revised the 2020 budget to ensure efficient re-allocation of expenditures to respond to the COVID-19 pandemic.</p>	ADB and MOF Development partners

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Limited internal audit units and insufficient internal controls in line ministries weakens expenditure management and could lead to diversion and mismanagement of funds.	H	ADB and other development partners to provide TA to help strengthen internal control capacity in line ministries. Monthly and then quarterly financial reports on countercyclical expenditures will be required.	ADB and MOF Development partners
Procurement Weak internal rules and poor public procurement practices carry a significant risk of fraud and abuse of funds.	M	Provisions of the law on public procurement of goods and services require public procurement to be competitive, efficient and incorporate market principles. The procurement process has been gradually decentralized starting from 2007 with responsibilities delegated to ministries, committees, regional administrations and municipalities. All public procurements must be arranged through e-procurement web portal (www.zakupki.gov.tj) which streamlines all relevant procedures.	ADB and MOF Development partners
Corruption Tajikistan has weaknesses in some governance aspects of key government economic institutions, which is causing constraints to efficient allocation of public resources, transparency, and the investment climate. In the Transparency International Corruption Perception Index 2019, Tajikistan scored 25% and ranked 153 out of 180 countries.	M	ADB will engage in policy dialogue with the government to review the institutional setup for fighting corruption and assess different options for improvements and strengthening, including establishing a centralized anticorruption agency.	ADB and Office of the President

ADB = Asian Development Bank, EU = European Union, FDI = foreign direct investment, H = high, , L = low, M = moderate, MNE = Ministry of National Economy, MOF = Ministry of Finance, MOHSP = Ministry of Health and Social Protection, NBT = National Bank of Tajikistan, PFM = public financial management, SME = small and medium-sized enterprise, TA = technical assistance, UN = United Nations, UNICEF = United Nations Children's Fund, WHO = World Health Organization.

^a Government of Tajikistan. 2018. *National Development Strategy to 2030*.

Source: Asian Development Bank.