

## RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risks	Risk Rating and Mitigation Measures
<p>An unexpected rise in COVID-19 spread rates (e.g. a second wave or a prolonged COVID-19 pandemic) delays the lifting of social distancing and, consequently, the implementation of key economic recovery measures. <u>This could render part of proposed fiscal stimulus in 2020 impossible to deploy, physically.</u></p>	<p><i>Rating:</i> Substantial.</p> <p><i>Mitigation:</i> The government continues strengthening health systems preparedness beyond the current COVID-19 crisis. ADB engages continually with the government and other development partners to devise an effective and appropriate contingency plan, which can include a reorientation of resources from recovery measures to additional income support measures.</p>
<p>Impact of ongoing economic distress and pressures on exchange-rate cause banking sector difficulties that require government support,</p>	<p><i>Rating:</i> Moderate</p> <p><i>Mitigation:</i> The recent and comprehensive Asset Quality Review to the banking system revealed much stronger levels of capital adequacy and liquidity than previously feared. Financial stability measures by the Authorities have also shown a level of pragmatism that can help the banking system weather through shocks to its asset quality, while ensuring the bank resolution options can be adopted without the triggering of fiscally-costly systemic risk.</p>
<p>Women may be more affected by the pandemic as they seem to have a higher probability of vulnerability to COVID-19-related shocks.</p>	<p><i>Rating:</i> Substantial.</p> <p><i>Mitigation:</i> The Government's anti-crisis measures seem targeted and sizable enough to ensure the different dimensions of gender-risk are fully addressed. ADB coordinates with the government and other development partners to monitor the situation, and in building the capacity of implementing agencies on gender-based monitoring.</p>
<p>Lack of central government's direct control over the different line-ministries and agencies in charge of deploying the different anti-crisis measures, or poor interagency coordination and implementation capacity leads to (i) a slower delivery of measures and benefits than envisaged, and (ii) delays in information flow to the MOF.</p>	<p><i>Rating:</i> Low.</p> <p><i>Mitigation:</i> In terms of coordination, implementation and reporting framework, Kazakhstan public financial management systems and general implementation capacity are effective and have been well tested by previous ADB CSF operations. The lessons from these past CSF operations have been reflected in program completion reports, discussed with the government, and what is proposed in the Implementation Arrangements (see main RRP text) builds directly from that.</p>

ADB = Asian Development Bank, COVID-19 = coronavirus disease, CSF = countercyclical support facility, MOF = Ministry of Finance.

Source: ADB staff