

RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description ^a	Rating	Mitigation Measures	Responsibility
Continued commitment of the government toward reform momentum is not sustained.	Moderate	Continuous and long-term engagement by the Asian Development Bank (ADB), at all levels, and development partners with the government, especially during the post-program period to highlight the importance of sustaining reform momentum to ensure (i) high growth, and (ii) job creation.	ADB
Weak implementation capacity of the line departments and Ministry of Finance (MOF) delaying implementation of key reforms.	Low	Continuous and long-term engagement by ADB, and development partners with the government through regular consultations and monitoring to assess capacity development requirements in a timely manner. Provide support under the technical assistance (TA).	ADB
Difficulties in aligning various expenditure rationalizing measures, as suggested in medium-term budgetary framework (MTBF), to actual budget allocations defeats the purpose of a medium-term horizon for budget making.	Moderate	Consistent and sustained engagement with Government of Uzbekistan is needed to prepare and maintain rolling MTBF.	ADB and the Executing Agency (MOF)
Lack of counterpart funds, especially due to ongoing fiscal consolidation initiatives, may delay continued implementation of some reform initiatives started under this programmatic approach.	Moderate	Continuous engagement by ADB, at all levels, and development partners with the government and try to accommodate some reforms under different initiatives supported by ADB.	ADB and MOF

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Trained staff are not retained in the relevant departments during the entire period of the program, affecting successful completion of various policy actions.	High	Consistent and sustained engagement with the Government of Uzbekistan and ensuring to create adequate staff with technical skills to prevent this. The attached TA will play an important role in this direction.	ADB and MOF
Adequate financially viable PPP projects are not identified and developed.	High	Effective and planned support under the attached capacity development TA. Repeated trainings are necessary for the selected staff.	ADB and MOF
Not fully functional internal auditing and accounting standards may put the benefits of the program at risk.	Low	Support through targeted policy actions, and effective monitoring under the proposed program and other energy projects in Uzbekistan.	ADB, MOF and Uzbekenergo
Fiduciary risks, primarily arising out of the activities of the off-budget funds.	Moderate	Continued support of improved public financial management through trainings under different ADB initiatives, and effective monitoring of the program performance indicators. Continued dialogue with the government to consolidate on and off budget transactions by 2019.	ADB and MOF
Overall	Moderate		

^a The risk assessment considers (i) risks in relation to ADB operations, (ii) risks related to public financial management, (iii) risks that directly impinge on the effects and reform areas of the program, and (iv) risks that are outside the program's control. Engagement with the government will always be done in collaboration with other donors and development partners.

Source: ADB.