

**RISK ASSESSMENT AND RISK MANAGEMENT PLAN**

<b>Risk Description</b>	<b>Rating</b>	<b>Mitigation Measures</b>	<b>Responsibility</b>
<p><b>Prolonged COVID-19 pandemic and containment</b> render the economic stimulus less effective, leading to continued economic slowdown, disruption of business operations and supply chains, and further loss of income and employment</p>	H	<p>ADB engages continually with the government, the Central Bank, and other development partners to devise an effective and appropriate response, including additional support if required.</p> <p>The comprehensive monetary measures by the Royal Monetary Authority supports businesses in easing cash flow issues through loan deferment with 0% interest— that the ADB program is supporting—combined with highly concessional loans to the productive sectors will stimulate businesses and the economy.</p>	MOF, PMO, RMA
<p><b>Lack of capacity for expeditious implementation and associated risks.</b> The situation calls for an expedited implementation schedule to ensure timely and effective relief. Delays in implementation could risk effectiveness of interventions. Further risks related to expeditious implementation include circumventing normally required due diligence and thereby suboptimal allocation of funds.</p>	M	<p>ADB has a country resident mission to oversee program implementation.</p> <p>Furthermore, supervision from the highest levels—the Prime Minister’s Office—and consensus on the urgency of action ensure that the usual bottlenecks related to approvals will be minimized.</p> <p>The government is also formulating standard operating procedures (SOP) and access criteria for benefits.</p>	ADB, PMO, MOF, GNHC, MOLHR, TCB
<p><b>Ineffective targeting of beneficiaries.</b> Given that informal employment in Bhutan is estimated at 80%, targeting the displaced in such professions will be challenging. <sup>1</sup></p> <p>The success of interventions will ultimately depend on the number of affected that can be targeted.</p>	M	<p>The government through the MoLHR is developing a platform to register those seeking benefits. Registration is open to any affected person. In return financial support will be offered contingent on taking up employment or skills-training opportunities. Therefore, only those who do not have alternate sources of sustenance will register for benefits. Civil servants and public-school teachers will also be redeployed to undertake verification of beneficiaries.</p>	MOF, GNHC, MOLHR, TCB
<p><b>Lack of coordination to integrate interventions.</b> The situation calls for the highest level of coordination among government agencies. The measures include stimulating demand through government-financed construction. Inability to coordinate effectively will impede outcomes, especially where interventions are expected to complement each other.</p>	M	<p>The Prime Minister’s Office and a special task force led by the Governor of the Central Bank will oversee the highest level of coordination by engaging all relevant sectors at every step. This will be facilitated by a weekly review and flexibility in adapting to situational changes.</p> <p>Furthermore, a dedicated data collection and tracking effort is being initiated to enable timely monitoring and detection of bottlenecks.</p>	PMO, MOF, GNHC, MOLHR, TCB

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<p><b>Inadequacy of health professionals.</b> There are currently 3,220 people in government-financed quarantine facilities. The preventive measures have been comprehensive and extremely effective but logistically demanding. A local transmission case could further strain existing capacity. Risks that routine health facilities could be compromised under such circumstances must be addressed.</p>	L	<p>The government has a SOP to address surge capacity in case any hospital is overwhelmed.</p> <p>A clear separation of management between dealing with the pandemic and ensuring business continuity of routine services has been undertaken.</p> <p>Teachers from public schools have been trained to assist with public health efforts. Over 2,500 private volunteers have also been trained to supplement public health services.</p>	PMO, MOH, MOF
<p><b>Weakened finance sector.</b> Financial sector downturn in an event of protracted situation could hinder ability of private sector to participate in the economic stimulus program</p>	M	<p>ADB will coordinate with the Royal Monetary Authority and IMF to monitor the situation and devise timely and effective solutions.</p> <p>In addition, ADB's proposed Subprogram 2 and ongoing technical assistance of the Financial Market Development Program will support structural reforms and capacity building required.</p>	RMA

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

ACC = Anti-corruption Commission, ADB = Asian Development Bank, FY = fiscal year, GDP = gross national product, GNHC = Gross National Happiness Commission, IMF = International Monetary Fund, MOF = Ministry of Finance, MOLHR = Ministry of Labour and Human Resources, PMO = Prime Minister's Office, RMA = Royal Monetary Authority, TA = technical assistance, TCB = Tourism Council of Bhutan.

Source: Asian Development Bank.

<sup>1</sup> World Bank. 2016. [Bhutan's Labour Market: Toward Gainful Quality Employment for All](#). Washington, DC.