

RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description	Risk Assessment	Mitigation Measures or Risk Management Plan
A. Public Financial Management		
Donor funds have generally been managed outside government systems (e.g., by project management and/or implementation units) and MOL and MEDS staff have limited direct experience handling donor funds.	High	The PIU will be established by MOL to carry out day-to-day project activities, including financial management. The PIU will be staffed by qualified and experienced professionals. The PIU will further be assisted by an international project implementation startup specialist who will prepare a project management manual covering financial management, procurement and recruitment, disbursement, and monitoring and reporting; train and coach the PIU staff; and provide training for MOL and MEDS staff in project management.
The project will involve two ministries (MOL and MEDS) whose financial management and reporting duties are not clearly defined.	Medium	The PIU established by MOL will maintain the imprest account, and prepare and submit withdrawal applications and supporting documents, quarterly and annual reports, and annual audit reports and financial statements on behalf of MOL and MEDS. The project management manual prepared by the project implementation startup specialist will clearly define MOL and MEDS financial management and reporting duties.
Financial transactions will be complicated by the number of panels, committees, and working groups; geographically dispersed TVET providers and secondary schools; and ICB and NCB packages involved in the project.	High	Project implementation will be supported by (i) PIU staff; (ii) a project implementation startup specialist; (iii) a consulting firm for TVET facility upgrading; (iv) equipment specialists; and (v) an M&E specialist to assist with financial management, procurement, monitoring, and reporting.
The government's accounting system does not take into account progress in physical execution in relation to financial execution, and supplementary reports are prepared outside of the system.	Medium	An integrated financial management system will be installed at the PIU and will be linked to the project performance management system. On behalf of MOL and MEDS, the PIU will prepare quarterly and annual progress reports on financial and physical progress in project implementation.
The system for collecting and integrating procurement information with financial information is incomplete. There is no quality control for procurement processes.	Medium	The project procurement plan will provide the basis for preparing annual budgets and action plans. Information on procurement activities will be included in quarterly and annual reports prepared by the PIU, in addition to information on physical progress and financial status. All procurement activities under the project will be conducted in accordance with ADB's Procurement Guidelines (2013, as amended from time to time) with ADB guidance, and MOL and MEDS staff will be trained on ADB's procurement guidelines.

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B. Procurement		
The MOL, in particular, is not familiar with the preparation of bidding documents for goods and civil works, requests for proposals, bid evaluations, bid evaluation reports, and evaluation of proposals for consulting services, resulting in procurement delays and misprocurement.	High	Qualified and experienced staff will be recruited to the PIU, which will assist MOL and MEDS in procurement. Training will be provided for PIU, MOL, and MEDS staff in applicable procurement regulations and ADB guidelines.
Annual project budgets and plans are not approved on time by the project steering committee, thereby delaying procurement.	Low	The PIU will assist MOL and MEDS in preparing annual budgets and plans of the project and coordinating other ministries on the project steering committee.
The MOL has limited capacity to monitor and report on contractual performance, including contractual payment obligations.	Medium	The PIU will assume day-to-day administration of contracts, including payments. Contractual performance will be reviewed during review missions, and issues with contractors' performance will be addressed.
Approved project procurement plan does not match procurement conducted during project implementation.	Low	The procurement plan will be reviewed regularly during review missions to ensure it reflects any changes made to the conduct of procurement actions.
C. Corruption		
Fraud, corruption, and collusion in procurement processes increase costs and hamper achievement of performance targets.	Medium	Spot reviews will be conducted to verify the quality of procurement and financial transactions processes. All requests for budget increases, changes in procurement methods, and contract amendments will be carefully reviewed.
Overall	Medium	

ADB = Asian Development Bank, MEDS = Ministry of Education and Science, MOL = Ministry of Labor, PIU = project implementation unit.

Source: Asian Development Bank.