

RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description	Risk Assessment	Mitigation Measures
The government does not continue its commitment to reform measures envisaged under the program	Medium	<p>The Asian Development Bank (ADB) to ensure continuous engagement of ADB staff with the government, and an awareness campaign highlighting the benefits of reforms and best practices.</p> <p>Adopt preemptive strategy to eliminate potential bottlenecks.</p> <p>ADB to disseminate information to selected stakeholders other than government officials.</p> <p>Conduct regular monitoring to ensure alignment of reform measures with policy initiatives taken by the Government of Punjab (GOP).</p>
Weak capacity of line departments results in poor management of public state finances	Medium	Provide technical assistance (TA) to help improve the capacity of the implementing agencies.
Coordination between government departments is not adequate	Medium	<p>Set up a project management unit for proper coordination.</p> <p>Engage continuously with all line departments for effective coordination.</p> <p>TA consultant team to provide coordination support.</p>
The possibility of interdepartmental transfers of key officials adversely impacts project implementation	Medium	<p>Engage with the GOP to stress the importance of staff continuity.</p> <p>TA consultants to build capacity of the next level of department officials and ensure continuity if senior officials are transferred.</p>
The farmers' lack of participation in the improved subsidy targeting plan and consequently fiscal imbalances continue	High	<p>Engage with the GOP to implement an improved subsidy targeting plan.</p> <p>Help the GOP design and implement a good public awareness campaign to facilitate adoption of the subsidy targeting plan.</p>
Some of the taxation reform measures are unsuitable owing to implementation of the countrywide rollout of a goods and services tax (GST)	Medium	<p>Leverage existing business processes and information technology infrastructure for managing transition to the GST regime.</p> <p>Explore possibility of capacity building support from the Government of India for GST implementation.</p>
Poor allocation of scarce public funds continues;	Medium	Provide TA for the preparation and adoption of a medium-term expenditure framework for large

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intended development outcomes are not fully achieved		spending departments. Set up a mechanism for project appraisal and monitoring of capital investment projects.
Difficulty adhering to expenditure-rationalizing measures, proposed in the MTEFs, and improved targeting of subsidies due to state elections	Medium	Consistent and sustained engagement with GOP and showcasing of best practices from India are needed. Maintain dialogue and collaboration with the Department of Expenditure of the Government of India on initiating and sustaining fiscal reforms in the state.
Wide variations in the budget estimates of various fiscal parameters and actuals leads to problems in meeting fiscal targets	High	Support under the TA for training on accurate revenue and expenditure forecasting.
Weak internal audit system affects fiscal performance	High	Support training on risk-based internal audit under the TA.
Overall	Medium	The proposed mitigation measures are expected to minimize the risks.

Source: Asian Development Bank.