

RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description	Rating^a	Mitigation Measures	Responsibility
<p>Country risks</p> <p>Continued increase in the number of COVID-19 cases with insufficient mitigation measures.</p> <p>COVID-19 epidemic constrains DOH capacity to access markets for goods and medical equipment, and civil works contractors.</p>	<p>M</p> <p>S</p>	<p>Closely monitor the COVID-19 situation and report regularly on adherence to the National Action Plan for COVID-19.</p> <p>Engage a procurement agent and individual consultants (on financial management, procurement, social safeguards, and monitoring and evaluation) to support the DOH in project implementation.</p>	<p>Interagency Task Force for COVID-19 and development partners</p> <p>DOH</p>
<p>Fiscal</p> <p>Reduced fiscal space to implement national programs and the Universal Health Care law due to central and local governments' competing demands for scarce resources.</p>	<p>M</p>	<p>Secure sufficient budget allocation for critical health programs to implement the government's response plan for COVID-19 and the Universal Health Care law. ADB to support through other projects such as COVID-19 Active Response and Expenditure Support Program and policy dialogues.</p>	<p>DOF, DBM, NEDA, DOH</p>
<p>Public Financial Management</p> <p>DOH's weak capacity may undermine its ability to effectively manage HEAL, monitor financial management arrangements, ensure fiduciary controls, and submit accurate and timely financial reports, especially in the context of increased funding to the health sector</p> <p>DOH's low absorptive capacity and disbursement performance may result in the reduction of agency budget and slow implementation of HEAL.</p> <p>Lack of an orderly supply storage and inventory system with adequate internal controls may affect the proper safeguard of procured materials and equipment.</p> <p>Since DOH is a relatively new EA/IA, the lack of awareness on ADB's audit requirements on the part of COA auditors assigned to DOH can lead to noncompliance.</p>	<p>H</p> <p>S</p> <p>S</p> <p>M</p>	<p>(i) Establish HEAL's financial management arrangements and conduct related trainings and workshops; (ii) identify DOH focal persons for HEAL; and (iii) engage individual consultants to support DOH compliance with ADB's financial management guidelines, fiduciary controls, and reporting requirements.</p> <p>Mobilize a procurement agent for goods, and closely supervise, monitor, and provide timely quarterly progress report on the implementation of capital investments, including COVID-19-related facilities..</p> <p>Establish project financial management arrangements particularly in safeguarding of assets procured under HEAL.</p> <p>DOH and COA to coordinate on the annual audit requirements for HEAL.</p>	<p>DOH, ADB</p> <p>DOH</p> <p>DOH, ADB</p> <p>DOH, COA</p>
<p>Procurement</p> <p>DOH has weak procurement capacity and limited experience with ADB procurement policies and guidelines.</p>	<p>H</p>	<p>Engage a procurement agent for the procurement of goods and provide technical support in preparing terms of reference, technical specifications, and bid evaluations.</p>	<p>DOH, Procurement Agent</p>

Inflated prices for goods due to extreme global demand and limited supply.	M	Engage a procurement agent to manage the procurement and contract management process to achieve greater economy through bulk purchasing; and explore alternative sources for PPE and medical equipment in addition to traditional supply chain of medical equipment providers.	
Corruption Increased risk of fraud and corruption in procurement and HEAL's delivery of goods and civil works due to DOH's weak procurement and financial management capacity.	M	DOH, together with development partners, to jointly conduct regular spot checks and monitoring of procurement implementation and ensure adherence to procurement guidelines and anti-corruption policies.	DOH and Development Partners
Project Sustainability Insufficient funds to cover project O&M (such as for health care facilities, sub-national hospitals, and medical and laboratory equipment) may affect operational sustainability.	S	Include adequate resources in DOH's annual expenditure framework and budget request to the DBM and Congress. DOH already has systems in place to ensure budget allocation for subnational hospitals and its facility operations.	DOH and Procurement Agent

ADB = Asian Development Bank, COA = Commission on Audit, COVID-19 = coronavirus disease, DBM = Department of Budget and Management, DOF = Department of Finance, DOH = Department of Health, EA = executing agency, HEAL = Health System Enhancement to Address and Limit COVID-19, IA = implementing agency, NEDA = National Economic and Development Authority, O&M = operations and maintenance, PPE = personal protective equipment.

^a H = High, S = Substantial, M = Moderate.

Source: Asian Development Bank.