

Annex 3: Risk Assessment and mitigation measures

KEY RISKS	RISK RATING	PROBABILITY RATING	RISK MITIGATION MEASURE	UPDATE	RISK OWNER
1. Political commitment to the implementation of the PFM RP	high	low	The PFM RP adopted by the Government; Link between the implementation of the PFM RP and the Sector budget support.	Even though two Governments have changed since the adoption of the PFM RP, there is a strong political commitment for its Implementation, as it was underlined in the PM expose as one of the priorities of the new Government. Implementation of the PFM RP remains a high priority for the Ministry of Finance.	Ministry of Finance
2. Commitment of all relevant institutions to the implementation of the PFM RP and lack of coordination	medium	low	Regular meetings of the Steering Committee and the Working Group	Implementation of the PFM RP remains a high priority for all relevant institutions involved in the process. Technical Secretariat of the PFM RP is within the Department for International Cooperation and European Integration. Steering Committee meetings and Working Group Meetings are attended by all relevant stakeholders. However, number of WG meetings should be increased and they should be organized regularly (probably every three months).	All relevant stakeholders
3. Inadequate human capacity (number of employees and level of knowledge and expertise)	high	medium	Filling systematized job positions and continues training for employees; Technical Assistance from donors for specific areas of the PFM RP.	One of the biggest challenges for successful implementation of the PFM RP is insufficient human capacity to implement planned activities. Even though this risk was identified as “high” and it’s probability “medium”, further effort is needed in order to secure full institutional capacity and timely implementation of activities.	All relevant stakeholders

<p>4. Insufficient funds for financing of the PFM RP</p>	<p>high</p>	<p>medium</p>	<p>Planning the necessary appropriations in the national budget, in accordance with the fiscal consolidation measures; Activities of the PFM RP represent a high priority for financing from IPA and bilateral donor assistance; Significant amount of Sector Budget Support for PAR Sector from IPA2015 will be used for implementation of the PFM RP.</p>	<p>One of the biggest shortcomings of the PFM RP is lack of sufficient information on costing. The challenge is twofold: it is difficult to allocate sufficient funds from the budget in the period of fiscal consolidation and to secure co-financing from donors. On the other hand, it is often difficult to calculate costing for certain PFM elements. Establishment of proper costing methodology and improved cost estimates will be the core of the PFM RP revision planned by the end of 2017.</p>	<p>All relevant stakeholders</p>
<p>5. Delays in public procurement procedures</p>	<p>medium</p>	<p>medium</p>	<p>Timely prepared technical and tender documentation of good quality; Efficient resolution of appeals in the procurement process.</p>	<p>There were no significant delays caused by insufficient procurement procedure.</p>	<p>All relevant stakeholders/ Republic Commission for protection of Rights in Public Procurement Procedures.</p>
<p>6. Inadequate, mutually incompatible and unconnected IT systems related to the PFM</p>	<p>medium</p>	<p>medium</p>	<p>Continues investment in IT infrastructure and improved coordination system among institutions</p>	<p>This challenge is recognized by the top management of the Ministry of Finance. Within envisaged donor support, significant improvement in this area are planned in order to enable efficient data access and exchange of information among relevant stakeholders. Naturally, This is a long term project that is planned to last over the next few years.</p>	<p>All relevant stakeholders</p>