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Anders Pettersson has over 16 years of experience in country programming, portfolio management, and procurement for ADB-financed projects across Central and West Asia, the PRC, Mongolia, Viet Nam, and the Pacific,

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CASE STUDY

Risk Management in Action

What can go wrong if Risks are not Managed Well

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Risk Management in Action: What can go wrong if Risks are not Managed Well

Anders Pettersson, Country Operations Head, GRM, CWRD, ADB



FIVE ADB IMPLEMENTATION READINESS AREAS

ADB assesses implementation readiness across five key areas:

1. Design Readiness

Detailed engineering designs and technical specifications prepared before approval.

2. Procurement Readiness

Major bidding documents prepared and advertised early.

3. Institutional Readiness

PMU/PIU established and key implementation staff assigned.

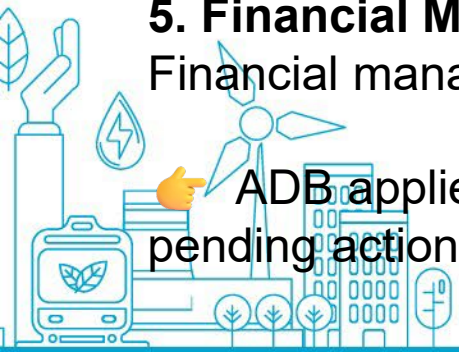
4. Safeguards Readiness

Environmental and social safeguard documents and arrangements completed.

5. Financial Management Readiness

Financial management systems, staffing, budget allocation, and controls in place.

ADB applies readiness filters during project preparation to identify implementation gaps and pending actions before project approval.



GEORGIA PROJECT READINESS FILTERS

During the **2021 Country Portfolio Review Mission (CPRM)**, ADB and the Government of Georgia introduced and developed Project Readiness Filters to strengthen project preparation and improve implementation readiness.

The readiness filters were:

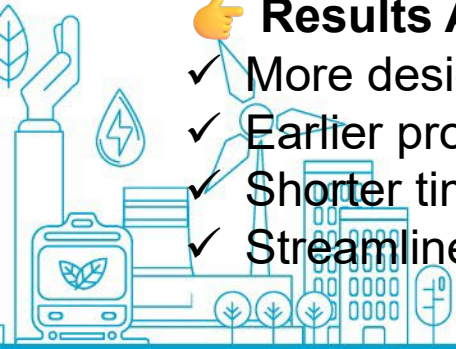
- linked with government procedures and project preparation processes;
- discussed with the Ministry of Finance and executing agencies; and
- updated in 2025 following ADB's revised implementation readiness framework.

ADB Georgia Resident Mission also developed a Summary Master Schedule to:

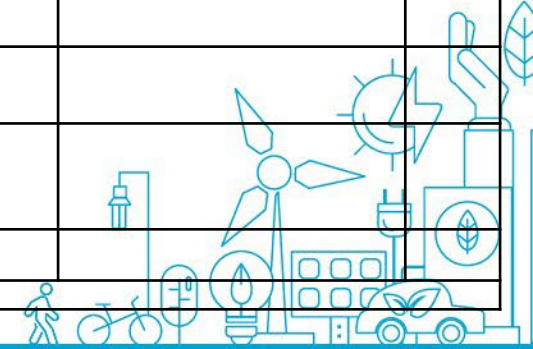
- ✓ identify critical path activities early;
- ✓ align project preparation and processing; and
- ✓ monitor key readiness milestones.

👉 **Results Achieved**

- ✓ More design-ready projects
- ✓ Earlier procurement activities
- ✓ Shorter time between loan approval and effectiveness
- ✓ Streamlined procurement processes



	Milestones	Institutional, Legal, and Preparatory Actions		Procurement/Design		Safeguards		Financial Management	
0	Defined timeline	• Approved Country Operations Review and Programming Mission (CORPM) Aide Memoire	MOF ADB						
1	After Project Concept Note (PCN) approved	• Key PIU staff appointed	EA/IA						
2	During TRTA or PRF/SEFF activities	• Data, maps, drawings, etc. collected and provided to consultant – EA to coordinate within the government for data provision	EA/IA						
3	Before fact-finding mission	• RRP drafted	EA/IAA DB	[Preliminary] Procurement Plan and SPP cleared and submitted to ADB - Detailed designs or preliminary designs for at least 30% of civil works or major goods prepared (hereinafter Advance Packages) - EOI advertised for key consulting services such as project management (hereinafter Key Consultants) and evaluated - For Key Consultants, shortlist and draft RFP (Submission 1) submitted and cleared by ADB.	EA/IA EA/IA EA/IA EA/IA, ADB	- Required safeguards assessment and management plans prepared and submitted to ADB for review. - Required safeguards assessment and management plans for Advance Packages reviewed and cleared. TORs of Key Consultants' safeguards staff reviewed	EA/IA		
4	During loan fact-finding mission	• Implementation arrangements committed	EA/IA			Required safeguard arrangements committed	EA/IA	Adequate and qualified staff for project accounting and financial reporting, financial management manual and financial reporting, and internal control mechanism confirmed	EA/IA, ADB
5	Immediately after loan fact-finding mission	- MOU on fact-finding mission signed - RRP finalized and reviewed by the Government	EA/IA, MOF ADB	For Key Consultants, RFP distributed to shortlisted consultants	EA/IA	Required safeguards assessment and management plans (footnote 6) updated, cleared, and disclosed	EA/IA, ADB		
6	Before loan negotiations	- RRP endorsed - Other PIU staff appointed	MOF EA/IA,	- For Advance Packages, detailed designs approved by State Expertise - For Advance Packages, bidding documents endorsed by ADB and advertised - For Key Consultants, technical evaluation (Submission 2) submitted and cleared by ADB. - For Advance Packages, [technical] bid evaluation report/s (BER/TBER) submitted and cleared by ADB	EA/IA, MOC EA/IA, ADB EA/IA EA/IA, ADB	- LARP updated based on the detailed designs for Advance Packages and submitted to and cleared by ADB before contract award - LARP implementation schedule for Advance Packages is harmonized with expected contract award and site handover timelines.	EA/IA, ADB	Counterpart budget allocated at least for the first financial year.	
7	Before Board approval	• Approval of loan negotiations minutes by the Government	MOF	For Key Consultants, financial and final evaluation (Submission 3) submitted and cleared by ADB.	EA/IA, ADB				
8	Before loan signing	• Authorization for loan/grant signing issued	MOF	For Advance Packages with two-envelope method, financial bid evaluation report/s (FBER) and final evaluation results submitted and cleared by ADB.	EA/IA, ADB				
9	Immediately after loan signing	• Legal opinion on loan/grant and project agreements issued.	MOF						

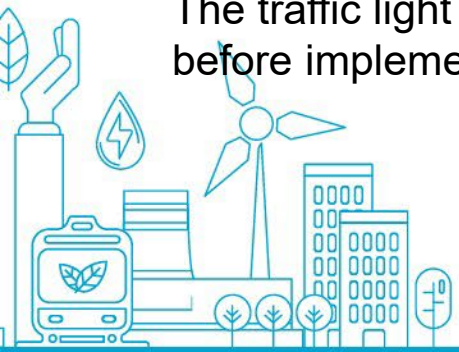


PROJECT PERFORMANCE RATING (PPR) SYSTEM

ADB uses a **traffic light rating system** to assess project implementation performance and identify projects requiring attention or corrective action.

Status	Rating	Meaning
 On Track	Green	Project implementation is progressing satisfactorily
 For Attention	Amber	Some implementation issues require monitoring and corrective measures
 At Risk	Red	Serious implementation issues may affect project results

The traffic light system provides an early warning mechanism that helps governments and ADB take timely action before implementation issues affect development outcomes



MONITORING DURING PROJECT IMPLEMENTATION

ADB uses the **Project Performance Rating (PPR)** system to:

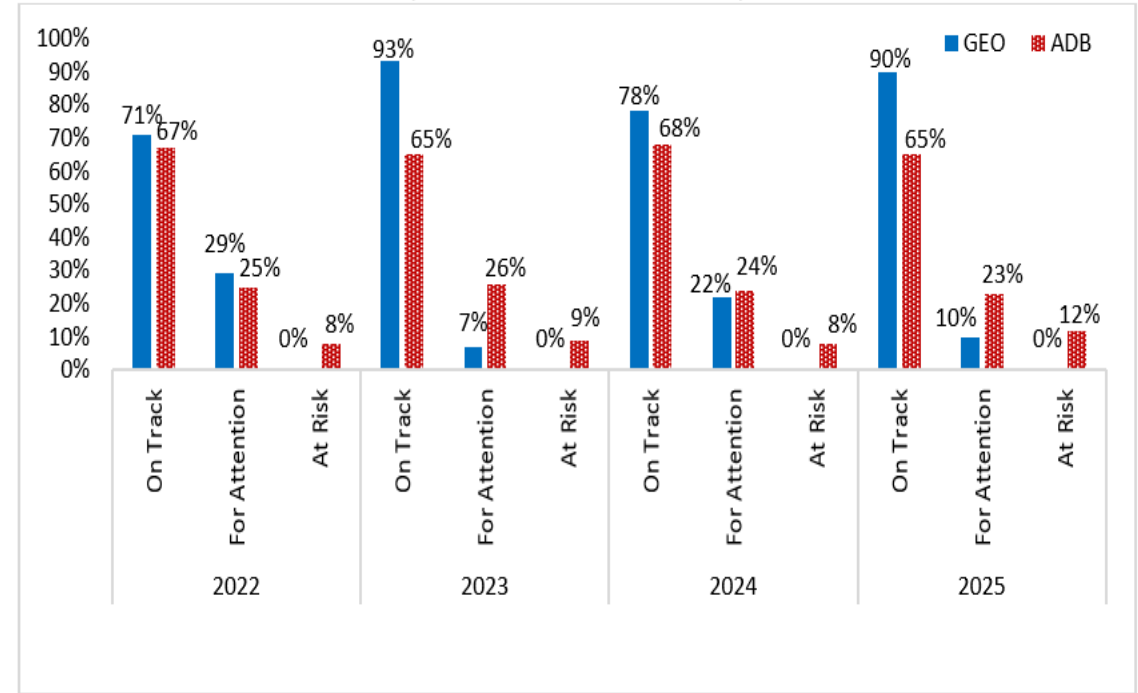
- ✓ monitor implementation progress;
- ✓ identify early signs of underperformance; and
- ✓ support timely corrective actions.

The PPR assesses 5 core indicators:

- Contract awards
- Disbursements
- Financial management
- Outputs delivery
- Safeguards compliance

Regular monitoring provides early warning signals that help governments and ADB address risks before they affect project results.

Project Performance for Sovereign Loans
(as of 31 December 2025)



Source: Asian Development Bank.

PROJECT IMPLEMENTATION MONITORING ARRANGEMENTS

1. Country Operations Review and Programming Mission/ Tripartite Operations Review and Programming Mission (CORPM/TORPM)

ADB and the government conduct portfolio review and tripartite review missions 3–4 times per year, bringing together:

- ✓ ADB,
- ✓ Executing Agencies (EA) and Implementing Agencies (IA).

These missions are used to:

- review progress across the entire portfolio;
- identify common implementation challenges;
- discuss problem projects;
- monitor agreed action plans; and
- agree on the way forward to improve implementation performance.



PROJECT IMPLEMENTATION MONITORING ARRANGEMENTS

2. Georgia Project Team Meetings

Led by the Country Operations Head (COH), GRM Project Team Meetings are held regularly to bring together ADB project teams and portfolio staff to review implementation progress and proactively address emerging issues.

Objectives:

- Review project and portfolio performance
- Discuss implementation challenges and bottlenecks
- Monitor progress against agreed actions
- Identify support required from GRM and HQ
- Share lessons and good practices across projects
- Agree on next steps to improve project implementation and portfolio results

Outcome:

Enhanced portfolio oversight, timely issue resolution, and improved implementation performance.



PROJECT IMPLEMENTATION MONITORING ARRANGEMENTS

3. Project Review Missions

ADB conducts regular review missions with executing and implementing agencies to:

- assess implementation progress;
- review procurement and disbursement performance;
- identify risks and bottlenecks; and
- agree on corrective actions and timelines.

4. Regular Progress Reporting

Executing agencies submit periodic progress reports covering:

- physical and financial progress;
- procurement status;
- safeguards implementation; and
- key implementation challenges.



PROJECT IMPLEMENTATION MONITORING ARRANGEMENTS

5. Quarterly Validation Exercises

ADB regularly validate project performance data and ratings, including:

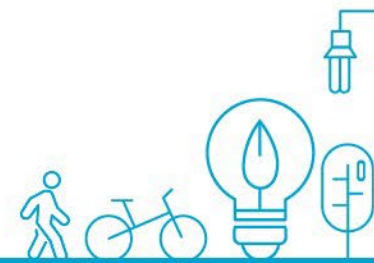
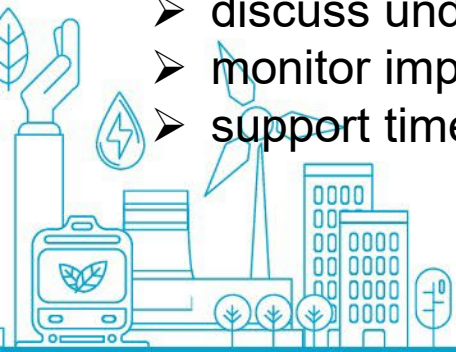
- contract awards,
- disbursements,
- outputs delivery,
- financial management, and
- safeguards compliance.

This helps ensure that project ratings accurately reflect implementation status.

6. Internal Portfolio Performance Review (PPR) Meetings

ADB conducts internal quarterly PPR meetings to:

- review projects facing implementation risks or delays;
- discuss underperforming projects;
- monitor implementation actions; and
- support timely management decisions and corrective measures.



Georgia Case Study 1: *Risk Management in Action*

Urban Services Improvement Investment Program MFF

Key Highlights:

- **US\$500 million** ADB MFF for urban water and sanitation.
- **Six tranches** implemented across multiple municipalities in Georgia over 13 years.
- Improved **water supply, sewerage networks, and wastewater treatment infrastructure**.
- Increased access to **safe and reliable water and sanitation services**, contributing to improved public health and sustainable urban development.

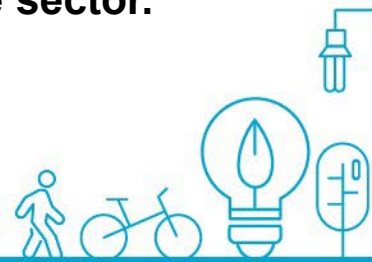


Georgia Case Study 1: *Risk Management in Action*

Urban Services Improvement Investment Program MFF

Issues and Challenges:

- The program delivered significant improvements in urban water supply and sanitation services across Georgia but due to COVID pandemic, many contracts experienced **implementation delays**.
- **Implementation period extended** through loan amendments to complete the remaining investments.
- The program closed in **2024** with the Government committed to **completing the remaining works** using its own budget.
- **The Project Completion Report (PCR) was deferred** to allow the Government time to complete the remaining works; however, these activities are still ongoing.
- Despite the significant development benefits delivered by the program, outstanding works at the time of preparing the Project Completion Report will affect the overall assessment and **rating of the MFF**.
- **Less than successful PCR rating from a flagship MFF program may affect further ADB support to the sector.**



Georgia Case Study 2: *Risk Management in Action*

Modern Skills for Better Jobs Sector Development Program

Key Highlights:

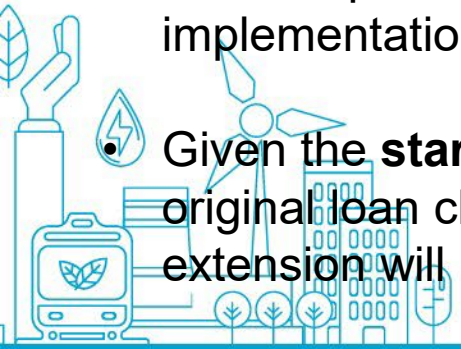
- **ADB's first sovereign loan in Georgia's education sector**, supporting modernization of Technical and Vocational Education and Training (TVET).
- **US\$48 million** Sector Development Program approved in **2020**, with completion planned by **2027**.
- Supports **policy reforms** and **investment in modern TVET infrastructure** to improve the quality and relevance of skills development.
- Strengthens industry partnerships and work-based learning, contributing to a skilled workforce and improved employment opportunities.



Georgia Case Study 2: Modern Skills for Better Jobs Sector Development Program

Issues and Challenges:

- The program is supporting significant reforms in Georgia's TVET sector. However, as with many SDP, early focus was on the PBL component while the investment component had **limited project readiness** at approval.
- **Delayed establishment** of the Project Implementation Unit (PIU) affected the timely award of major civil works contracts.
- Frequent changes in EA management with different priorities. IA changed twice during implementation.
- Given the **start-up delays**, completion by the original loan closing date in **2027** is unlikely. Loan extension will be required.



Good Practices for Smooth Implementation



Ensure strong project readiness before approval



Use PAM as a living working document



Maintain proactive communication between EA and ADB



Anticipate issues early and submit requests in a timely manner



Strengthen project management capacity and coordination



Lessons Learned

- Good project readiness is key to successful implementation.
- ADB and Government of Georgia have developed solid project readiness filters, but they to be applied with each IA already from project concept stage.
- For SDP, project readiness has sometimes been “forgotten” for the investment component.
- Georgia takes full advantage of ADB’s project readiness tools with 1 active PRF, 1 active Multisector SEFF (4 activities underway or under processing) and 1 active TA Cluster.
- Since 2025, ADB partner with the Georgia MOF Academy on early and continuous capacity building of IAs and PIUs.
- Projects succeed not only because of **good readiness and strong Government ownership** but because implementation is **actively managed**, risks are **anticipated**, and issues are addressed **early**.





Thank you!

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