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Chandra Mohan Arora

Country Operations Head
Mongolia Resident Mission
Asian Development Bank



Chandra Mohan Arora is currently the Country Operations Head and Officer-in-Charge of ADB's Mongolia Resident Mission. With over 30 years of professional experience, he has extensive expertise in portfolio management and the design and implementation of multilateral development bank-financed infrastructure projects across the public and private sectors. His areas of interest include portfolio performance, project design, and infrastructure delivery.



CASE STUDY

Risk Management in Action

What can go wrong if Risks are not Managed Well

Case Study: Risk Management in Action

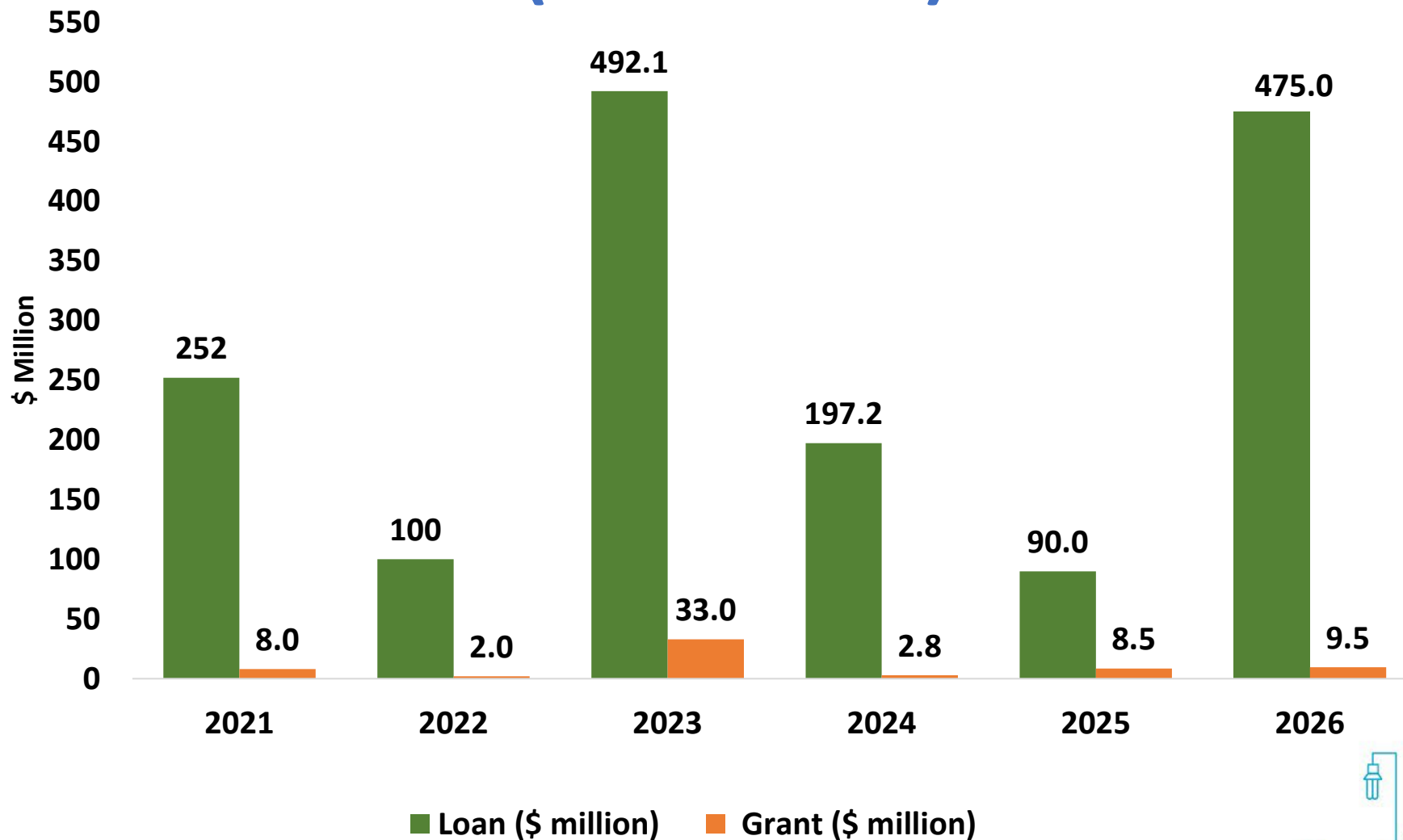
What can go wrong if Risks are not Managed Well

8 July 2026, Astana

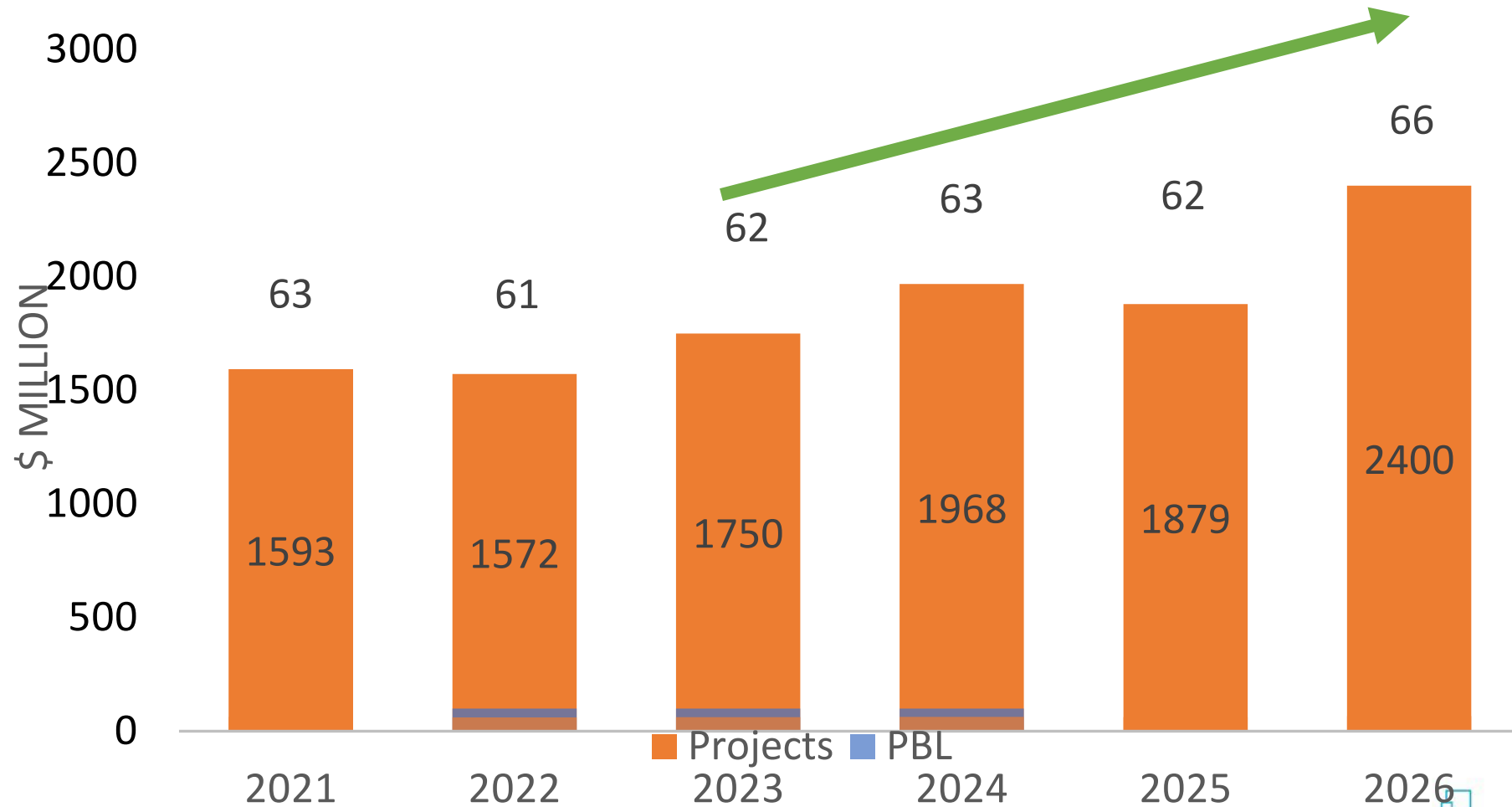
Chandra M Arora
Country Operations Head, Mongolia



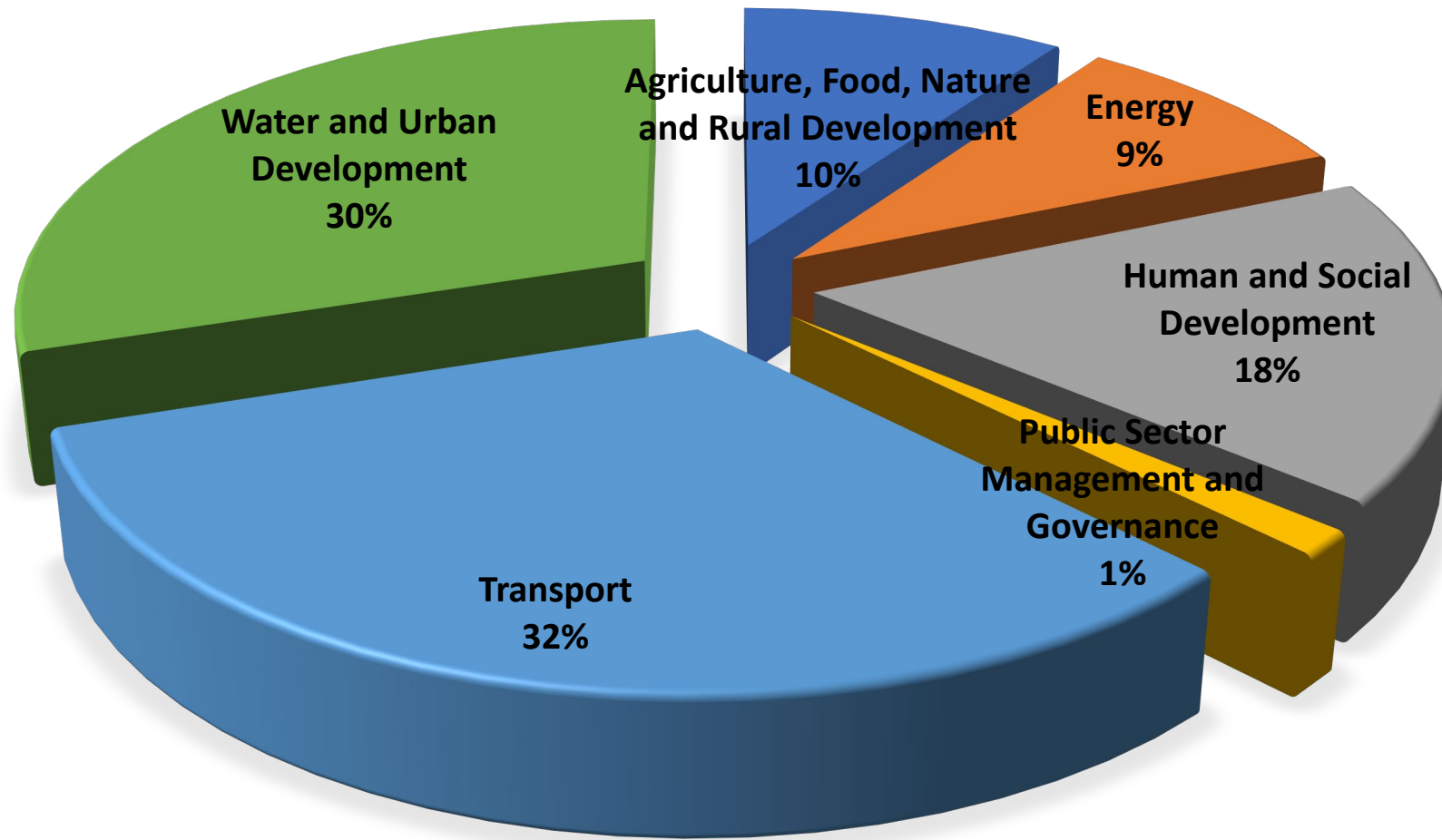
ADB Loan and Grant Approvals for Mongolia (2021-2026)



Active ADB Mongolia Portfolio (2021-26)



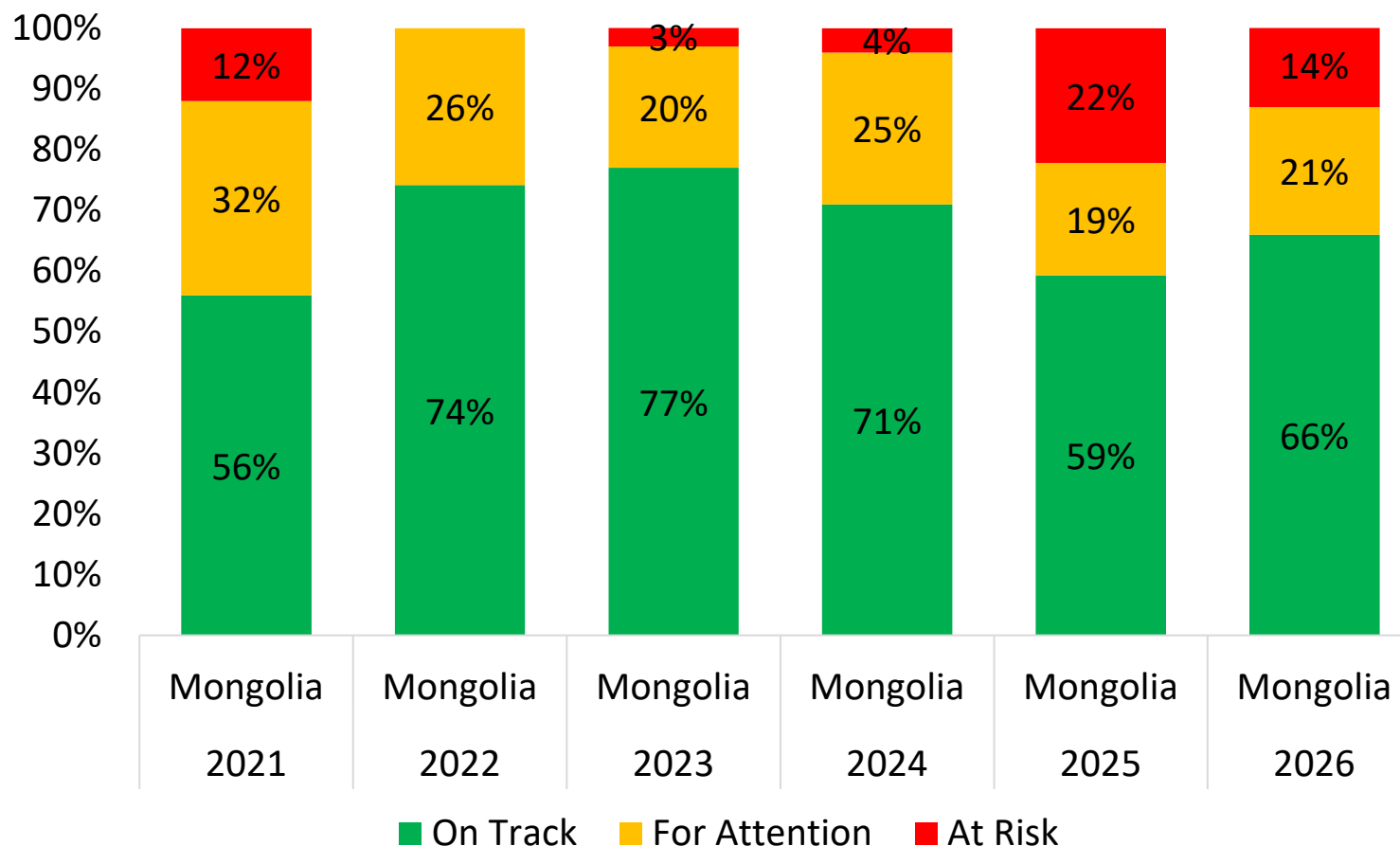
Active ADB Mongolia Loan/Grant Portfolio by Sector (as of 31 May 2026)



Overall ADB Sovereign Portfolio: \$1,785 million – 59 Loans/Grants



ADB Mongolia Project Performance 2021-25



- “On-Track” projects increased from 59% to 66% in 2026.
- At Risk” projects decreased from 22% to 14% in 2026.



Case Study-1: Irrigation Infrastructure Project

Brief about the Project

Loan/Grant	Amt	Approval	Original	Cum CA	Cum Disb	Time Elp %	Progress	Actual/Likely Extns
Grant - JFPR	2.0	Feb 2020	Mar 2027	0.90	0.98	90%	50%	2 Years
Loan -OCR/COL	40.0	Feb 2020	Mar 2027	20.4	17.70	90%	45%	2 Years



Project Outputs:



Output 1: Efficient and climate-resilient irrigation infrastructure systems installed.



Output 2: Environmentally sustainable agriculture production systems improved.



Output 3: Technical, institutional, and management capacity strengthened.





IRRIGATION SCHEMES (10)

- 1** Dulaanii Tal IS
Khentii aimag
- 2** Tsakhir IS
Jargalan soum, Govi-Altai aimag
- 3** Yolton IS
Khalun soum, Govi-Altai aimag
- 4** Boomiin Am IS
Altai soum, Khovd aimag
- 5** Ulaan Del IS
Sagsai soum, Bayan-Ulgii aimag
- 6** Tsul Ulaan IS
Bayannuur soum, Bayan-Ulgii aimag
- 7** Nagoon Khashaa IS
Uliastai city, Zavkhan aimag
- 8** Khuren Tal IS
Tosontsengel soum, Zavkhan aimag
- 9** Sugnugur IS
Batsumber soum, Tuv aimag
- 10** Iven Gol IS
Sant soum, Selenge aimag

Key implementation risks identified

All 10 contracts delayed

Civil works contracts missed the Q3–Q4 2023 completion target

7 Irrigation schemes commissioned, 3 still in progress

No irrigation Scheme operational, despite commissioned

14 / 16 Safeguards actions pending and unimplemented

1 Completion and operationalization delays

Schedule risk

All ten civil works contracts awarded in late 2021 missed their Q3–Q4 2023 completion targets. Seven schemes are physically commissioned, but none has moved into operational use.

2 O&M and asset transfer bottlenecks

Sustainability risk

O&M arrangements with provinces and end-users remain unconcluded. Delayed asset transfers from line ministry-province-district have blocked scheme registration, land allocation to vegetable farmers, and 2026 O&M budget allocation.

3 Detail Design deficiencies

Technical risk

Underestimated quantities, scope omissions, inaccurate site assessments, and missing equipment & technical specifications. The project lacked essential technical design review and quality assurance.

4 PIU staff turnover & insufficient supervision

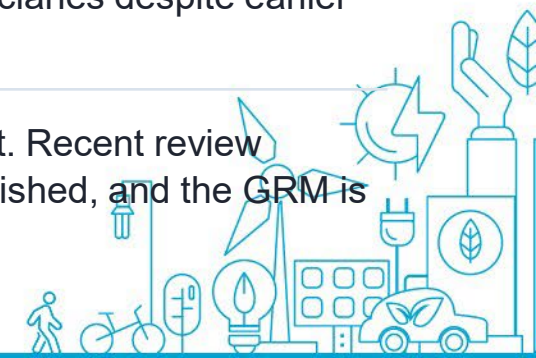
Institutional risk

Irregular site supervision directly contributed to delays. Weak oversight also led to quality deficiencies, incomplete works, and repeated complaints from local governments and beneficiaries despite earlier ADB warnings.

5 Safeguards, reporting, and GRM weaknesses

Safeguards risk

Required environmental and social specialists were absent throughout project. Recent review missions found multiple noncompliance issues; monitoring reports remain unfinished, and the GRM is not functioning. Several complaints from PAPs



Case Study-2: Health Project

Brief about the project

Loan/ Grant	Net Amt (\$ M)	Approval	Original closing	Rev closing	Progress	Extns
MFF Program	158.00	Oct 2019	Dec 2029			Not possible
Tranche-1 (OCR+COL+Grant)	79.62	Oct 2019	Jun 2025	Dec 2027	70%	2.5 years
Tranche-2 (OCR)	82.20	Nov 2024	Dec 2029	-	1 %	Not possible

Project Outputs:

- Urban and rural primary health care strengthened (T1: 31 Dec 2025 – 80%, T2: 31 Dec 2029 -10%)
- Provincial and district hospital services improved (T1: 31 Dec 2026 – 70%, T2: 31 Dec 2029 - 20%)
- Health financing system strengthened (T1 31 Dec 2024 – 90%, T2: 31 Dec 2029 -Not started)
- Procurement, FM capacity of Go entities strengthened (T1 31 Dec 2024-100%, T2: 31 Dec 2026- 30%)



Key implementation risks identified

Procurement of works,
goods & consultants
delayed

Contract implementation
delays & prolonged
internal approvals

Weak project management
capacity, budget ceilings

Land acquisition and
resettlement delays

1 Detail design & Procurement delays

Low Readiness
Procurement Risk

- Tr1 - 24 CS Pkg- 4 to be procured; 12 CW Pkg- 2 to be procured; 9 Goods -3 to be procured
- Tr2 - 27 CS Pkg- 23 to be procured; 7 CW Pkg- none procured; 11 Goods –none procured

2 Frequent changes in project, contract delays

Technical risk

Due to weak contract management capacity, implementation of contracts delayed. Frequent changes in project scope & procurement plan.

3 budget ceilings & payment delays

Financial risk

Implementation has been slowed down due to limited expenditure budget. Payment to contractors delayed.

4 Weak project management capacity and interagency coordination

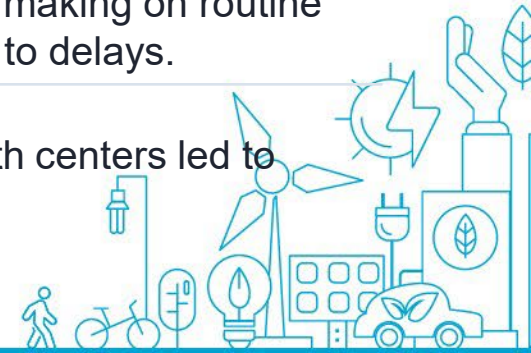
Institutional risk
Communication risk

Weak capacity led to insufficient project supervision and delayed decision making on routine implementation matters . Lengthy internal approval processes contributed to delays.

5 Land acquisition & resettlement delays

Safeguards risk

Delays in land acquisition and resettlement for some of the hospitals/health centers led to procurement delays.



Case Study-3: Urban Areas Development Investment Program

Brief about the Project

Loan/Grant	Source	Loan Amt	Approval	Original	Rev/Actual	Financial progress
Overall MFF	OCR/COL/UEIF	163.70	Dec 2013	Dec 2023	Dec 2026	81%
Tranche 1	OCR/COL/UEIF	53.70	Dec 2013	Jun 2018	Dec 2021	Completed
Tranche 2	OCR/COL	66.35	Mar 2017	Feb 2022	Dec 2026	75%
Tranche 3	OCR/COL	43.65	Jun 2020	Dec 2023	Dec 2026	50%

Project Outputs: Coverage: 5 sub centers - Bayankhoshuu, Selbe, Dambadarjaa, and Tolgoit

Output-1. Roads and urban services are expanded within the targeted subcenters and improved subcenter connectivity

Output-2. Economic and public services in subcenters are improved

Output-3. Service providers become more efficient (Community Dev Centers, Service Delivery Centers)

Output-4. Institutions and capacity for urban development, program management, and service delivery are strengthened



Key implementation risks identified

Procurement of works, goods & consultants delayed

Contract implementation delays & prolonged internal approvals

Weak project management capacity, limited budget

Land acquisition and resettlement delays

1 Design & Procurement delays

Low Project Readiness Procurement Risk

- Feasibility, detail design & procurement delays, Tr1 – Completed with 4-year delay
- Tr2 – Total 21 pkgs – awarded 20 pkgs; Tr3 – 25 pkgs – 15 awarded, 10 to be procured

2 Frequent changes in project, contractual delays

Technical risk Governance risk

Due to contractor performance and weak contract management capacity, implementation of contracts delayed. Frequent changes in project scope & procurement plan.

3 budget ceilings & counterpart funding delays

Financial risk

Implementation has been slowed down due to limited expenditure budget and delayed and insufficient counterpart funding. Payment to contractors delayed.

4 Weak capacity and slow decision making

Institutional risk

Weak capacity led to insufficient project supervision and delayed decision making on routine implementation matters . Lengthy internal approval processes contributed to delays.

Land acquisition & resettlement delays, complaints

Safeguards risk

Delays in land acquisition and resettlement led to procurement delays. Due to large scale resettlement, no. of complaints received which also affected the project implementation



Key implementation risks identified

Delay in transfer of assets and O&M arrangements

COVID-19 Pandemic related mobility restrictions

Project cost increase due to inflation and insufficient funds to complete scope

Frequent political and bureaucratic changes

6 Unclear asset transfer & O&M arrangements

Sustainability Risk

- Out of 65 completed assets, 30 are fully transferred, 8 are partially, 27 are yet to be transferred. Unclear O&M responsibility and budget implications

**7 COVID-19 Pandemic
Unexpected risk**

Due to COVID-19 pandemic restrictions, all ongoing works suffered for 15-18 months; shortage of material, manpower and equipment; unprecedented increase in prices of construction materials

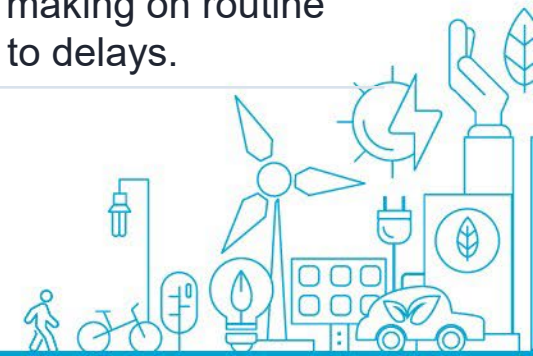
**8 Increase in project cost and insufficient funds
Financial risk**

Implementation has been slowed down due to limited expenditure budget and delayed and insufficient counterpart funding. Payment to contractors delayed.

9 Frequent political & bureaucratic changes

Institutional risk

Weak capacity led to insufficient project supervision and delayed decision making on routine implementation matters . Lengthy internal approval processes contributed to delays.



What can go wrong if project risks are not timely identified and managed/mitigated efficiently

- **Country/Sector/Executing Agency level challenges/risks are usually known, so appropriate mitigating measures can be built in project design, and we can be better prepared to manage/mitigate them.**
- **What is usually unknown are - the risks associated with any particular project.**
- **The unmanaged risks can result in:**
 - Long implementation delays and cost overruns
 - Cancellation of certain project activities with scope reduction
 - Failure to meet project objectives and achieve intended development outcomes to beneficiaries
 - Poor utilization of costly loan funds
 - Public complaints & frustration
 - Poor project completion ratings
 - Question mark on EA's ability to design and implement similar projects in future



What can go wrong if project risks are not timely identified and managed/mitigated efficiently



Project risks are not reporting requirements; they are management signals for action. Strong project readiness remains key to Quality at Entry and reduces startup delays and risks substantially (though some unexpected risks will still occur)



When project risks are ignored, they can lead to project failure, reputational damage and undermine accountability and transparency of the project management system.



Early risk identification allows teams to take corrective actions while cost still remains low and multiple options remain available to address the identified risks.



Hence, it makes complete sense to continuously update the Risk Assessment and Risk Management Plan (RAMP) throughout project cycle and discuss & implement mitigation actions proactively with executing agencies throughout implementation.



Project Design/Structuring Challenges – Lessons Learnt

- Project design & loan size to be proportionate to EA's implementation capacity, past experience, and absorption capacity.
- For weak capacity and inexperienced EA, design of first 1-2 projects can be simple with small loan amounts and subsequently, future project size can gradually increase once EA capacity is developed.
- Use appropriate lending modality (MFF/Project Loan/RBL/Sector/SDP Loan) learning from the past few completed projects in a particular sector.
- Is MFF working? It may give false sense of complacency to EA that it has full 10 years of long implementation period. MFF T2 & T3 are usually approved when more than half of the MFF implementation period is over.
- Multisector projects with multiple EA/Is and multiple donors may need more coordination efforts and quality supervision, else project implementation will fail invariably.
- Project design should consider sustainability aspects (O&M, financial sustainability, asset management)





Thank you

