

RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description	Risk Assessment	Mitigation Measures or Risk Management Plan
Macroeconomic		
External environment deteriorates and delays reforms to improve fiscal consolidation.	High	Coordinated donor support to ensure consistency in reforms through policy dialogue jointly with other development partners or in consultation with them.
Weak economic growth impacts expenditure efficiency.	High	ADB will provide support through the policy-based loan and the TA ^a to the government to improve debt and fiscal management and strengthen public expenditure management for better prioritization and greater spending efficiency of public monies even with a modest growth.
Political economy		
Lack of coordination in policy formulation among central government agencies may undermine the pace of reform.	Medium	The program steering committee will facilitate coordination of reforms. MOESD will establish interagency working groups for pension and capital market reform.
Public financial management		
Weak public investment management leads to underexecution of capital budget.	Medium	ADB will assist MOF to strengthen preparation, appraisal, and selection of public investment projects and improved portfolio work focusing on new and existing projects through the program and related TA.
Treasury system still does not fully incorporate all budget entities affecting transparency and complete availability of information.	Medium	ADB's program will assist MOF in integrating LEPLs and local governments in the treasury system, and disclosing LEPLs and state-owned enterprise finances through statistics bulletins.
Analysis and monitoring of contingent liabilities and fiscal risks, including those emanating from LEPLs and state-owned enterprises, is weak.	Medium	ADB will provide support through the proposed program and the TA to strengthen the measurement and evaluation of contingent liabilities and the public debt management framework.
Intergovernmental fiscal transfers are unpredictable and opaque.	Medium	ADB will provide support through the proposed policy-based loan and the TA to assist MOF in tracking, measuring, assessing, and determining the amounts, requirements, risks, and contingent liabilities of all fiscal transfers.
Procurement		
Limited capacity to manage (international) procurement, particularly	Medium	ADB will work on strengthening the investment management cycle and

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for consultancy services, because of weak national legislation, internal rules, and procedures.		improving internal controls in central ministries for better expenditure efficiency.
Anticorruption Inadequate policy and regulatory frameworks, coupled with limited government capacity, undermine accountability and the transparent use of funds.	Medium	ADB will support strengthened legal and regulatory frameworks in the areas of investment projects and PPPs through the policy-based loan and the TA, improving accountability and the transparent use of funds.
Overall	Medium	

ADB = Asian Development Bank, LEPL = legal entity of public law, MOESD = Ministry of Economy and Sustainable Development, MOF = Ministry of Finance, SOE = state-owned enterprise, TA = technical assistance.
^a TA referred to in the above table is: ADB. 2014. Technical Assistance to Georgia for Strengthening Domestic Resource Mobilization. Manila.
Source: Asian Development Bank.