

## INTEGRATED RISK ASSESSMENT AND MITIGATING MEASURES

Risks	Rating Without the Mitigating Measures	Key Mitigating Measures
<p><b>Results.</b> Challenge of measuring the outcomes in terms of both, enhanced employability (for the ASAP trainees who continue with higher education) and improved employment (for the ASAP trainees who opt to look for jobs soon after getting their certificates).</p>	Moderate	<p>Firm engaged under accompanying capacity development technical assistance will undertake tracer studies to assess employability and employment outcomes. A firm will be engaged to undertake independent assessment of results. This will help build on ASAP's strong MIS.</p>
<p><b>Expenditure and financing.</b> Allocated funds not absorbed due to insufficient enrollment or limited industry participation, and sub-optimal use of training facilities constructed.</p>	Moderate	<p>ASAP will ensure that budgets are linked to physical targets and supported by detailed activities with milestones. It will review and update budgets regularly. The financial MIS will support analysis of financial and physical data.</p> <p>ASAP will continue to engage with industry.</p> <p>Viable public-private partnership arrangements will be designed such that industry recognizes the benefits of participating in ASAP.</p> <p>Withdrawal applications will be accompanied by interim financial reports confirming that adequate expenditure has been incurred.</p>
<b>Fiduciary</b>		
<p><b>Financial management.</b> The Finance Unit of ASAP has one senior staff and three support staff. While this was adequate in the pilot phase, the unit needs to be strengthened before ASAP is scaled up. No internal or external audit has been conducted for the program. The ASAP secretariat currently does not have a dedicated financial management specialist.</p>	Substantial	<p>The financial MIS was operationalized in August. A dedicated chartered accountant will be recruited by end-October 2014.</p> <p>An internal auditor has been appointed and the Accountants General (Audit) office of Kerala has agreed to audit ASAP. First audited financial statements for FY2014 are expected by 30 October 2014.</p> <p>Relevant staff of the ASAP secretariat will participate in the periodic workshops on financial management organized by ADB.</p>
<p><b>Procurement.</b> Inadequate capacity to manage procurement for scaled up activities; selection methods and standard bid documents used to date are not aligned to international procurement practices.</p>	High	<p>A procurement consultant has been working with the ASAP secretariat since March 2014 to strengthen the state government's bidding documents for consultant recruitment and civil works contracting by drawing on international best practice. Expressions of interest and request for proposal formats have been adjusted. A dedicated procurement specialist will be recruited by the end of October 2014.</p>

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		<p>The ASAP secretariat will create a dedicated procurement unit and recruit and/or post additional 5-6 staff to focus solely on procurement so that any potential conflict of interest is avoided.</p> <p>Relevant staff of the ASAP secretariat will participate in periodic workshops on procurement organized by ADB.</p>
<b>Corruption.</b> Scope for corruption in procurement of consultants for skills training and in execution of civil work contracts	Low	Adequate internal control mechanisms and checks and balances exist. All payments are made through bank transfers, barring petty cash payments. The Stores Purchase Manual provides for blacklisting of entities that indulge in corrupt practices. A robust procurement system is also in place.
<b>Safeguards</b>		
<p>Since the loan will involve some civil works for the construction of CSPs and renovation of SDCs, it is categorized as B for environment.</p> <p>The RBL is categorized as C for involuntary resettlement and C for indigenous people.</p>	Low	<p>The program safeguard systems assessment confirms that Kerala has sound policy and regulatory frameworks covering environment and social dimensions of development projects. A retired chief engineer of the state government's Public Works Department has joined the ASAP secretariat to supervise the civil works. He is well aware of the environmental rules and regulations. A detailed environmental and social safeguard framework has been prepared to guide the overall implementation of the project. The ASAP secretariat will recruit an environmental safeguard officer to ensure safeguards compliance.</p> <p>Relevant staff of the secretariat will participate in the periodic safeguards training workshops organized by ADB.</p>
<b>Other Risk</b>		
Difficulty in getting good quality and experienced training providers for all the relevant vocational trades.	Moderate	Organize more pre-bid conferences for training providers and strengthen engagement of SSCs.
<b>Overall RBL Program Risk</b>	<b>Moderate</b>	

ADB = Asian Development Bank, ASAP = Additional Skill Acquisition Program, CSP = community skills park, MIS = management information system, RBL = results-based lending, SDC = skill development center, SSC = sector skills council.

Source: Asian Development Bank.