

## INTEGRATED RISK ASSESSMENT AND MITIGATING MEASURES

Risks	Rating Without the Mitigating Measures	Key Mitigating Measures
<b>Results</b>		
Gaps among states in institutional arrangements and implementation capacity for urban health, which may delay achievement of results.	Substantial	A capacity development framework will be developed to enhance implementation capacity, especially in lagging states. The attached TA will assess and monitor state-level institutional arrangements and capacity for urban health.
Challenges in coordinating the collection of results indicators across multiple information systems, divisions, and agencies, and implementing capacity-building activities to improve the quality and completeness of data may undermine proper measurement of results.	Moderate	The NUHM results framework, DLIs, and PAP already identify appropriate data (and data sources) to capture results.  Attached ADB TA will strengthen the capacity of MIS officers and DEOs and undertake independent assessment of results, which will help enhance MOHFW's existing M&E systems.  MOHFW to provide technical and implementation support at state and sub-state levels to align M&E systems and improve quality and timely availability of necessary data.
<b>Expenditure and Financing</b>		
Relatively low fund utilization capacity during first years after NUHM approval.	Moderate	MOHFW will ensure realistic planning and budgeting in the state PIPs and help increase implementation capacity of the states and union territories by introducing clear business processes, allocating adequate resources for human resources, and providing technical support for implementation.
<b>Fiduciary</b>		
<b>a. Financial Management</b>		
The optimal funds flow arrangement at city and district levels has yet to be decided in some states.	Moderate	FMG will prepare and pilot models for city and district-level funds flow setup.
Delay in fund release from state treasuries to state health societies.	Substantial	MOHFW and states to increase monitoring and follow up of timely fund releases with state authorities.
Inadequate number of staff trained for accounting and internal control and financial reporting, especially at some state and sub-state entities, causing (i) delays in financial reporting and auditing, and (ii) reports with inaccurate data in some ULBs.	Substantial	MOHFW will support states to increase qualified human resources by allocating adequate resources for staff and technical support; states are to fill vacant financial management positions with qualified persons and provide training.  FMG to ensure agreed statement of audit needs are followed.

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FMG's progress monitoring role needs to be further strengthened to develop and improve financial management at state and sub-state levels.	Substantial	<p>FMG to update fiduciary performance indicators, strengthen its performance monitoring process, and support state and ULB staff capacity enhancement, especially for states with weak capacity.</p> <p>FMG to more rigorously monitor resolution of external audit observations.</p> <p>FMG to review and update the existing financial management monitoring framework (TORs for CRM), incorporating ADB inputs.</p> <p>ADB to participate in the annual CRMs to monitor progress in financial management actions.</p>
<b>b. Procurement</b>		
Delays in preparation of annual procurement plans in some states.	Moderate	All states to submit the annual procurement plans in a timely manner as part of the PIPs.
Procurement delays because of shortage of trained professionals in SPMUs, PWDs, and ULBs and lack of SBDs in most states.	Moderate	<p>MOHFW to support states to increase qualified human resources by allocating adequate resources for staff and technical support; SPMUs to set up dedicated procurement units with an adequate number of trained procurement professionals, and provide regular training at accredited institutions.</p> <p>SBDs to be developed and implemented.</p>
Delays in contracting and implementation of civil works and inadequate capacity to monitor quality in some states.	Moderate	The state procurement department or engineering division of state health departments or districts to (i) organize civil works into larger packages to attract qualified contractors, (ii) ensure wide publicity of procurement notices, (iii) strictly adhere to quality control requirements, and (iv) establish a progress reporting system.
Mechanism for ensuring quality of drugs needs strengthening in some states.	Substantial	State procurement departments to apply more stringent quality requirements in manufacturing facilities and introduce or strengthen quality checks at pre- and post-dispatch by commissioning independent test agencies or firms.
Gaps in supply chain management affecting availability of drugs in some states.	Substantial	States to adopt computerized stores management systems to monitor rapidly evolving drugs; develop procurement plans considering lead times for contracting, order and delivery; and use rate contracts.
Insufficient procurement supervision and monitoring by some SPMUs.	Moderate	(i) SPMUs to establish a computerized program monitoring system, undertake quarterly review meetings, and prepare

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		quarterly reports. (ii) NPMU to undertake post-procurement reviews for at least three states every year through an independent agency to provide feedback to SPMUs.
<b>C. Anticorruption</b>		
Community processes and other feedback mechanisms of NUHM are at an early stage of development to ensure improved health service provider accountability.	Moderate	(i) MOHFW to support states and cities in strengthening the existing and planned community and facility-based grievance redress mechanisms to increase accountability to stakeholders. (ii) MOHFW to support states and cities in implementing the NHM Governance and Accountability Framework.
<b>Safeguards</b>		
Low level of understanding among health staff of guidelines, environmental standards, and good practices.	Moderate	MOHFW and states to conduct long-term awareness creation programs and social and environmental safeguard orientation and training programs for health staff at all levels.
Existing grievance redressal mechanisms may not adequately address social safeguard issues.	Moderate	MOHFW to strengthen the existing and planned community and facility-based grievance redress mechanisms to include potential social safeguard issues.
<b>Overall RBL Program Risk</b>	<b>Substantial</b>	

ADB = Asian Development Bank, CRM = Common Review Mission, DEO = data entry operator, DLI = disbursement-linked indicator, FMG = Financial Management Group, M&E = monitoring and evaluation, MIS = management information system, MOHFW = Ministry of Health and Family Welfare, NHM = National Health Mission, NPMU = National Program Management Unit, NUHM = National Urban Health Mission, PAP = program action plan, PIP = program implementation plan, PWD = public works department, SBD = standard bidding document, SPMU = state program management unit, TA = technical assistance, TOR = terms of reference, ULB = urban local body.  
 Source: Asian Development Bank.