

Solomon Islands Knowledge- Action-Sustainability for Resilient Villages (SOLKAS) Project

Annex 7: Risk Assessment & Management

Accredited Entity: Save the Children Australia

Version: B.36

RISK ASSESSMENT AND MANAGEMENT

1. Risk factors and mitigations measures (max. 2 pages)		
<p><i>Please describe financial, technical and operational, social and environmental and other risks that might prevent the project/programme objectives from being achieved. Also describe the proposed risk mitigation measures.</i></p> <p>For probability: High has significant probability, Medium has moderate probability, Low has negligible probability For impact: High has significant impact, Medium has moderate impact, Low has negligible impact</p>		
Selected Risk Factor 1		
Category	Probability	Impact
Technical and operational	Medium	High
Description		
Low implementation capacity of Executing Entities and implementing partners.		
Mitigation Measure(s)		
<p>The project will work largely through Solomon Islands government agencies to ensure a high level of ownership and sustainability. Baseline levels of capacity and coordination are weak in some instances. To address this, Save the Children is conducting capacity assessments of partners, including organizational capacity, project management, financial management and procurement. Based on the results, a capacity development plan will be formulated to address any gaps and barriers. Save the Children has extensive experience and technical resources for developing institutional and human capacities among local implementing partners and will deploy these on an as-needed basis to address any issues that may arise. The Project Management Unit (PMU) embedded in the co-Executing Entity, Ministry of Environment, Climate Change, Disaster Management and Meteorology (MECDM) will house and deploy technical support across activities to support implementing partners and build capacity. The PMU will work closely with the MECDM to assess and regularly review project management and financial management. Embedding technical and project staff into key implementing partners, including at Ward level is another key mitigation strategy. A Program Operations Manual will be developed to support and guide implementation, financial management, procurement and reporting processes.</p> <p><i>Do the mitigation measures lower the probability of risk occurring? If so, to what level?</i> The mitigation measures lower the probability to 'Low'.</p>		
Selected Risk Factor 2		
Category	Probability	Impact
Governance	Medium	Medium
Description		
Change in leadership at Solomon Islands Government /MECDM leading to instability, change of priorities and lack of engagement. Lack of trust between project partners and dispute over program activities or direction.		
Mitigation Measure(s)		
<p>A strong participatory design has involved the Solomon Islands Government ministries and departments throughout the process to ensure a high level of engagement and ownership at all levels. This will continue as the project design is developed and implemented. The project management structure, along with the stakeholder engagement plan will support establishing agreed goals and methods for the project with all project partners. For project implementation the project governance structure includes a project steering committee, national technical working group and provincial technical working groups that will include all government departments in decision making processes to guide project activities and direction.</p> <p><i>Do the mitigation measures lower the probability of risk occurring? If so, to what level?</i> The mitigation measures lower the probability to 'Low'.</p>		
Selected Risk Factor 3		
Category	Probability	Impact

Technical and operational	Medium	High
Description		
Inadequate technical input for the school retrofits, WASH system upgrades and installation of solar PV systems, leads to unsafe equipment or buildings that are inadequate for purpose or cause harm to children, teachers and other people accessing the building or facilities.		
Mitigation Measure(s)		
<p>A risk assessment will be completed during the design process with the communities and schools as part of the overall risk management plan for the project. Save the Children's technical team will provide guidance during the development of all school retrofits, WASH system upgrades and solar installation activities and plans. The technical team will work with the Project team to apply Save the Children's policy and benchmark standards and Safer Schools Common Approach to ensure safety, quality and resilience of the infrastructure underpin the activities. The risk assessment will be reviewed and updated by the Project team and Save the Children's technical advisor as plans are developed for the activities. A qualified engineer will be contracted to provide oversight and ensure application of Save the Children and local relevant standards for Safer Schools, WASH and solar installation.</p> <p><i>Do the mitigation measures lower the probability of risk occurring? If so, to what level?</i> The mitigation measures lower the probability to 'Low'.</p>		
Selected Risk Factor 4		
Category	Probability	Impact
Technical and operational	High	High
Description		
Executing Entities at national and sub-national level unable to effectively absorb and distribute the volume of financing from this project due to limited poor sub-national access to financial services limiting local capacity to receive and manage funding at provincial and local level.		
Mitigation Measure(s)		
<p>A financials system analysis of the Solomon Islands Government conducted as part of the project preparation work highlighted risks in noncompliance to the Public Financial Management Act and Financial Instructions across government ministries. Recommendations from the report included providing training and capacity building for finance officers in the key implementing ministries and embedding a PMU within the MECDM to provide technical support. Save the Children has extensive experience in developing capacities among local implementing partners and will conduct further assessments to follow up on issues identified and address training needs.</p> <p>The PMU will work closely with the MECDM to assess and regularly review financial management and procurement processes to monitor compliance and provide technical support. Embedding technical and project staff into key implementing partners, including at Ward level is another key mitigation strategy. A Program Operations Manual will be developed with processes and procedures for financial management, procurement and reporting for the project.</p> <p>The analysis also highlighted the poor coverage of banking services at the subnational level (both provincial and local). Most commercial Banks in the Solomon Islands don't have subnational branches but work through banking agents in the provincial centres. This is not a problem unique to this proposed project. Past and current development investment from bilateral and multilateral donors successfully use the government Imprest system. Where the risk of misappropriation is considered too high using the Imprest system, Save the Children in consultation with the MECDM will use Save the Children's own systems and processes to manage fund disbursements. The Ministry of Development Planning and Development Aid Coordination requires any funding that is managed outside of the government system to be reported and captured in the budget as non-appropriation.</p> <p><i>Do the mitigation measures lower the probability of risk occurring? If so, to what level?</i> The mitigation measures lower the probability to 'Medium'.</p>		
Selected Risk Factor 5		
Category	Probability	Impact
Technical and operational	High	Medium

Description
Extreme weather events such as tropical cyclones and floods disrupt the project, especially in the dispersed rural areas in which the project will operate.
Mitigation Measure(s)
To mitigate this risk project workplans and activity schedules will consider seasonal risks such as flooding and cyclones, in consultation with the National Disaster Management Office (NDMO). In addition, during the inception phase the project will identify context indicators to monitor potential climate hazards and will develop contingency plans for severe cyclones and floods. During implementation, the project will work with MECDM, NDMO and Disaster Risk Committees at Ward and Village level, to increase access to Early Warning Systems (EWS), enhance EWS infrastructure, protocols and communications strategies including training on community based disaster risk management.
<i>Do the mitigation measures lower the probability of risk occurring? If so, to what level?</i> The mitigation measures lower the probability to 'Medium'.

2. AML/CFT* and Prohibited Practices compliance due diligence assessment (max. 1 page)		
Category	Probability**	Impact***
ML/TF	Low	MEDIUM (5.1-20% OF PROJECT VALUE)
Prohibited Practices	Medium	LOW (<5% OF PROJECT VALUE)
Select	Select	SELECT
Select	Select	SELECT
<p>*Anti-Money Laundering/Countering the Financing of Terrorism</p> <p>**H: High (has significant probability), M: Medium (has moderate probability), L: Low (has negligible probability)</p> <p>*** H: High (has significant impact), M: Medium (has moderate impact), L: Low (has negligible impact)</p> <p>¹ Money Laundering/Terrorist Financing</p> <p>² Sanction prohibitions of the United Nations, or other relevant sanctioning authorities (including the World Bank Debarred List)</p> <p>³ In the context of Money Laundering/Terrorist Financing and Prohibited Practices</p> <p>⁴ Abuse, Conflict of Interest, Corrupt, Retaliation against Whistleblowers or Witnesses, as well as Fraudulent, Coercive, Collusive, and Obstructive Practices</p>		
<p>ML/TF: GCF resources transferred to the EE from SC Australia are engaged in money laundering or diverted to proscribed groups via project staff, partners or suppliers.</p> <p>Controls and measures to mitigate:</p> <ul style="list-style-type: none"> • SC Australia Anti-money laundering and Counter Terrorism Financing policy in place for EE sub-agreements. • Regular vetting processes carried out for staff, partners and suppliers in line with SC's staff and partner/supplier vetting guidelines. • Whistle-blower policy and procedure in place. Communications to ensure policy and procedure is widely understood and accessible by staff, partners, suppliers and communities. • Incident reporting mechanism for receiving and managing reports of suspected or alleged AML/CTF. • Reference and background checks carried out for all staff as part of recruitment procedures. • Partner assessment completed for all EEs. <p>Prohibited practices: loss of funds through incidents of bribery, theft, fraud or corruption by project staff, partners or suppliers.</p> <p>Controls and measures to mitigate:</p> <ul style="list-style-type: none"> • Fraud Bribery and Anti-corruption policy in place for EE sub-agreements. • Prohibited practices policy in place for EE sub-agreements. • Mandatory fraud training for all SC staff • Procurement policy in place for EE sub-agreements • Procurement plan for the project agreed with EEs detailing procurement thresholds, methods and time schedule. The PMU will support EEs to complete procurements for the project inline with the plan and monitor procurements against the plan. 		

<p><i>If the Executing Entity is different from the Accredited Entity, please include an annex providing further KYC details, e.g. on the beneficial ownership/control structure, and exposure to Politically Exposed Persons (PEPs) etc.</i></p> <p>The two co-Executing Entities are different to the Accredited Entity – Solomon Islands Government Ministry of Environment, Climate Change, Disaster Management and Meteorology; and Save the Children Solomon Islands. Annex 7a provides further KYC details including exposure to Politically Exposed Persons.</p>
<p>3. Other potential risks in the horizon</p> <p><i>Please describe other potential issues which will be monitored as “emerging risks” during the life of the projects (i.e., issues that have not yet raised to the level of “risk factor” but which will need monitoring). This could include issues related to external stakeholders such as project beneficiaries or the pool of potential contractors.</i></p> <p>1. Lack of buy-in by community members</p> <p>In general communities are enthusiastic about projects in the Solomon Islands, especially those that provide visible benefits at the village and ward level. This project works “close to the need” and therefore it is anticipated that communities will be highly supportive. In addition, Save the Children has a 36-year history of working in the Solomon Islands at the village and ward level, and has strong experience in ensuring that local communities are fully engaged in projects. Stakeholder engagement at the community level has proven this to be the case, with all community members consulted across a range of targeted areas expressing a desire to be involved in the project.</p> <p>2. COVID-19</p> <p>The COVID-19 pandemic has had a significant impact on the Solomon Islands and complicated the proposal development process, however borders are re-opening and restrictions easing. Save the Children’s presence in the Solomon Islands allowed us to maintain a close engagement with government and key stakeholders while borders were closed and has ensured that proposal development could continue even under challenging circumstances. This provides confidence that future events can be effectively managed without significant disruption to project implementation.</p>