



Strengthening Climate Resilience of the Lao People's Democratic Republic (PDR) Health System

Annex 7: Risk Assessment and Management

Accredited Entity: Save the Children Australia
Version: Final- 2023/09/22



No	Selected Risk Factor
1	Financial risk pertaining to difficulties in mobilising resources on the ground
2	***Information related to this risk has been redacted in accordance with the GCF Information Disclosure Policy, as the portion is confidential under the disclosure policy of the Accredited Entity.***
3	Low technical capacity, limited knowledge, and lack of active participation of local populations and target beneficiaries
4	Low technical capacity of contractors
5	Low technical capacity of operators/maintenance challenges due to remoteness
6	Legal and governance complexities at delivery level
7	Risk related to money laundering/terrorist financing (ML/TF)

Selected Risk Factor 1: Financial risk pertaining to difficulties in accessing co-financing		
Category	Probability	Impact
<u>Credit</u>	<u>Low</u>	<u>Medium</u>
Description		
<p>The potential risk that the availability of co-financing (financial and in-kind contributions) from government and other partners is not fully realised, is considered low in Lao PDR.</p> <p>In Lao PDR, the climate finance landscape is shared between different public actors such as the Ministry of Natural Resources and Environment (MONRE); Ministry of Planning and Investment (MPI); the Environmental Protection Fund (EPF). Similarly, access to finance is supported by multilateral and bilateral institutions, including the Asian Development Bank (ADB); the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ); the World Health Organisation and some Public-Private Partnership funds¹ and CSOs. There are therefore considerable opportunities to raise additional funds and develop partnerships between different stakeholders.</p>		
Mitigation Measure(s)		
<p>In addition to the low financial risk presented by the proposed activities, the project addresses this point by providing grants for both capital and operational expenditure for project development, as well as for dedicated capacity building to introduce measures that can be replicated and scaled over time, with clear local benefits.</p> <p>Direct finance contributions from the national budget are likewise expected to be available, considering the macroeconomics and fiscal situation of the country. Additionally, the project will facilitate in-kind contributions through the allocation of time, staff, office space, and equipment, which will represent opportunities for mentoring, training, and learning.</p>		

¹ https://www.un.org/ldcportal/sites/www.un.org.ldcportal/files/files/documents/2021/Oct/lao_pdr_-_strategic_guidelines_for_climate_financing.pdf

Selected Risk Factor 2: ***Information related to this risk <i>has been redacted in accordance with the GCF Information Disclosure Policy, as the portion is confidential under the disclosure policy of the Accredited Entity.</i> ***		
Category	Probability	Impact
<u>Credit</u>	<u>High</u>	<u>High</u>
Description		
***Information related to this risk <i>has been redacted in accordance with the GCF Information Disclosure Policy, as the portion is confidential under the disclosure policy of the Accredited Entity.</i> ***		
Mitigation Measure(s)		
Information has been redacted in accordance with the GCF Information Disclosure Policy, as the portion is confidential under the disclosure policy of the Accredited Entity.		
Selected Risk Factor 3: Low technical capacity, limited knowledge, and lack of active participation of local populations and target beneficiaries		
Category	Probability	Impact
<u>Technical and operational</u>	<u>Medium</u>	<u>Medium</u>
Description		
This medium-rated risk relates to the potentially limited technical capacity of health facility staff and other target beneficiaries. Specifically, capacity constraints regarding knowledge of the benefits of the proposed interventions to make HCFs in Lao PDR more climate-resilient may arise. While the health situation is known by the government and some organisations and has been illustrated and detailed in various reports, it is not clear how much of this has filtered down to HCFs at the local level.		
Mitigation Measure(s)		
<p>The design of the project included a stakeholder engagement exercise to determine the readiness of communities to adopt new approaches and innovations to climate and health. Similarly, a field study to determine the readiness of communities and health centres to adopt new approaches and innovations has been undertaken as part of the project design process. The project will also promote inclusive local governance to strengthen the links between community needs and health service provision.</p> <p>On the basis of the findings of the stakeholder engagement exercise and the field survey of HCFs, the interventions proposed in the project are designed to directly address this risk through the design and implementation of a range of training and capacity building measures.</p> <p>An additional mitigating measure is the integration of climate and health data into (e.g., District Health Information Software 2, (DHIS2) which will make the climate risks to health and health service delivery more visible, and enable health service provision to be anticipatory rather than reactive.</p>		
Selected Risk Factor 4: Low technical capacity of contractors/operators		
Category	Probability	Impact

<u>Technical and Operational</u>	<u>Medium</u>	<u>High</u>
Description		
<p>The core of the project will be the delivery of infrastructure and information technology improvements that can be technically challenging. In order for these to have the necessary impact, the contractors carrying out the work need to be able to competently carry out the assigned work packages to acceptable quality levels.</p> <p>In terms of operation and maintenance, more challenging equipment may not be operated correctly and break down due to operator lack of capacity, rendering it useless and endangering the short-/long-term sustainability of the project.</p>		
Mitigation Measures		
<p>Measures specified will be appropriate to the level of contractors available, and contractors will be pre-qualified. A labour market assessment and supply chain assessment was undertaken and informed the project design to address this specific matter. When it comes to implementation, it is likely that the measures will be delivered through a special engineering contractor selecting and supervising the local subcontractors, as well as able to carry out specific, particularly challenging tasks, directly.</p> <p>Regarding maintenance, operator training and clearly defined O&M planning are integral elements of the project and will ensure that newly installed solutions can be maintained at the appropriate intervals and level to remain functional and contribute to the delivery of project outcomes in the long-term.</p>		
Selected Risk Factor 5: Low technical capacity of operators/maintenance challenges due to remoteness		
Category	Probability	Impact
<u>Technical and Operational</u>	<u>Low</u>	<u>Medium</u>
Description		
<p>SRF 5 is further exacerbated in some locations due to their remoteness, which presents challenges with access for contractors, materials, data and power connections, maintenance contractors, amongst others.</p>		
Mitigation Measures		
<p>This risk will be mitigated by i) only selecting appropriate measures that can be delivered at remote locations and ii) that can be maintained at these locations, both in terms of local operator capacity, infrastructure support and operator capacity.</p>		
Selected Risk Factor 6: Legal and governance complexities at delivery level		
Category	Probability	Impact
<u>Governance</u>	<u>Low</u>	<u>High</u>
Description		
<p>The project will be delivered through SCI Laos, WHO and MoH and with the participation of community leaders. The project is also developed in a context of participation of several international NGOs and DFIs, which poses a serious risk that a lack of coordination and/or overlapping implementation</p>		

mandates could delay the start-up of the project as well as the achievement of the various milestones within the allocated timelines.

Mitigation Measures

Coordination between the National Designated Authority (NDA), Accredited Entity (AE), Executing Entities (EEs), and other project stakeholders has been ongoing since the inception phase of project development. Continuous and iterative coordination among delivery partners during the start-up phase and moving into implementation will be ensured through the establishment of a Project Steering Committee (PSC), comprised of the key partners, to oversee the Project Implementing Unit (PIU) responsible for coordinating project partners on a day-to-day level and for delivering the activities at implementation level. SCI Laos will assemble a high-level Project Steering Committee (PSC) which will be responsible for the project's strategic direction and progress. Representatives of SCI Laos and the MoH will co-chair the PSC, which will also include representation of senior officials from MONRE and the WHO office in Lao PDR. The PSC will review project implementation progress to quickly identify any instances of governance or bureaucratic barriers impeding project implementation and will work to resolve them. Regular interaction with the NDA will also be prioritised to maintain momentum for the implementation of the project.

Stakeholder engagement through the project is carried out in accordance with GCF's stakeholders' engagement framework² and IFC guidelines³.

Selected Risk Factor 7: Risk related to money laundering/terrorist financing (ML/TF)

*** The detail in this table has been redacted in accordance with the GCF Information Disclosure Policy, as the portion is confidential under the disclosure policy of the Accredited Entity.****

Category	Probability	Impact
ML/FT	Low	Medium
Description		
Mitigating Measures		
Please describe how the identified risk will be mitigated or managed. Do the mitigation measures lower the probability of risk occurring? If so, to what level?		
2. AML/CFT* and Prohibited Practices compliance due diligence assessment (max. 1 page)		
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Category	Probability**	Impact***
Select	Select	SELECT
Select	Select	SELECT

² <https://www.greenclimate.fund/document/sustainability-guidance-note-designing-and-ensuring-meaningful-stakeholder-engagement-gcf>

³ https://www.ifc.org/wps/wcm/connect/8804e6fb-bd51-4822-92cf-3dfd8221be28/PS1_English_2012.pdf?MOD=AJPERES&CVID=jiVQIfc

<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 Whistle-blowers or Witnesses, as well as Fraudulent, Coercive, Collusive, and Obstructive Practices</p>
<p><i>Describe each risk identified which should be derived from the AML/CFT integrity due diligence assessment as well as the prohibited practices due diligence assessment. This includes including corruption, fraud, abuse, retaliation against whistle-blowers and any other coercive, collusive or obstructive practice. Also provide the controls and measures to mitigate each identified risk.</i></p> <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>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>Potential Risk: Lack of buy-in among health system and/or community stakeholders</p> <p>Mitigation: In general health system staff and communities are enthusiastic about projects in the target districts and provinces, 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 health system and community stakeholders will be highly supportive. In addition, Save the Children has a 36-year history of working in the Lao PDR at the health facility and village level and has strong experience in ensuring that stakeholders are fully engaged in projects. Stakeholder engagement at the health system and community levels has proven this to be the case, with all stakeholders consulted across a range of targeted areas expressing a desire to be involved in the project.</p>