

Simplified Approval Process

Annex 7: Risk assessment and management



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 Geographic remoteness and accessibility of the beneficiaries in the Cunene province		
Category	Probability	Impact
Technical and operational	Low	Medium
Description		
<p><i>Given the remoteness of the Cunene province transportation and accessibility and communication can be a significant challenge, as well as ensuring that the entities in far off locations are able to meet the project standards.</i></p>		
Mitigation Measure(s)		
<p><i>The capacities of the remote entities engaged in the project will be scaled up (through training activities) to ensure that geographic remoteness is reduced as a hurdle. ADPP has well established and efficient procurement protocols and teams that will also adjust to transportation and accessibility needs. The PIU will implement adaptive management practices that allow for flexibility and adjustment based on evolving accessibility, transportation and communication needs. Regular monitoring, evaluation, and feedback mechanisms will enable project teams to identify issues early and implement timely solutions.</i></p>		
Selected Risk Factor 2 Limited interest and engagement from local-level entities as well as limited support and buy-in from local communities and individual households. Limited capacities of duty bearers at the provincial level.		
Category	Probability	Impact
Governance	Medium	Medium
Description		
<p><i>Limited interest of engagement from local authorities and governance bodies lead to limited project impact. Additionally, local communities and individual households may not or may (in a limited manner) support or engage with the project, stemming from misaligned project objectives and priorities, as well as insufficient stakeholder engagement and co-production. The capacities of executing entities are very limited at sub-provincial level in Cunene. There is little risk that the demands of the projects will not be able to be fulfilled in this regard.</i></p>		
Mitigation Measure(s)		
<p><i>OSS and ADPP have ongoing experience as a grant-making mechanism for mid-sized projects in the region, as well as maintaining a provisional list of eligible entities.</i></p> <p><i>The Project includes essential and extensive training, which will shift the needle on participatory governance and project design, focused outreach, and inclusive stakeholder engagement. The core principle of this project is to address the vulnerabilities of rural communities in Cunene by an intervention that is based on improving the resilience of agricultural productive system by strengthening practices and capacities in climate-resilient agriculture. Improving technical, planning and monitoring capacities at the institutional level will further contribute to this objective. Community engagement and buy-in will be a key principle of the project, so extensive due diligence will be undertaken to hedge against this risk. Further, the Project will enlist formal/informal civil society organizations and other groups to help support Project outreach and development, as needed.</i></p> <p><i>The Project also includes a capacity building component which aims at identifying a roster of eligible organizations, undertakes a capacity assessment framework which will map the baseline capacities of entities, and administer the capacity building activities based on this foundational exercise. The low capacity risk has been taken into account in the design of the programme. Trainings will be organized in order to support the capacity of duty bearers to abide by the requirements of the ESMP and in extension to meet their obligations as per the project Particular focus in these trainings will be attributed to ensuring that USPs are selected, conducted and monitored appropriately.</i></p> <p><i>ADPP also conducts capacity needs assessments with key partners and able to also fund top prioritized action identified from the results of the assessment.</i></p>		

Selected Risk Factor 3 Potential adverse impacts to natural habitats		
Category	Probability	Impact
Reputational	Low	Low
Description		
<i>Elements of the project could be sited close to protected areas/environmentally sensitive areas, most notably Mupa National Park. Some of the project's target areas are within 10km of the park's buffer zone.</i>		
Mitigation Measure(s)		
<i>No activities are planned within the park's boundaries, nor its buffer zone. However, given the distance between the planned sites and the park itself, as well as the limited scale of both the project's construction activities and the associated risks, the likelihood of any impacts to habitats taking place is low.</i>		
Selected Risk Factor 4 Increased discrimination against women based on gender, especially regarding participation in design and implementation or access to opportunities and benefits		
Category	Probability	Impact
Reputational	Medium	Select
Description		
<i>Local cultural traditions inhibit women's access to project activities and participatory design, thereby reproducing existing inequalities can be adequately managed. As the project will be targeting and working with women in rural areas of the country, GBV risks will exist. Angola and Cunene specifically have high levels of GBV, and any project directly attempting to work with women in rural areas can negatively impact the levels of GBV (at least in the short term). As such the project's exposure to SEAH and GBV presents a risk area.</i>		
Mitigation Measure(s)		
<p><i>ADPP has extensive experience in empowering women and ensuring gender equality in community projects in Cunene. All relevant measures will be taken to enable women's participation in the project. The risk will be managed through the inclusion of sensitization activities and specific training activities as part of the project design. Community awareness campaigns will address the issue of gender-based violence. This will be achieved through needs Assessment and Community Engagement, including:</i></p> <ul style="list-style-type: none"> <i>Conducting a needs assessment to understand the specific GBV risks and challenges.</i> <i>Engaging with affected communities, including women and girls, to ensure their voices and experiences are incorporated into campaign planning.</i> 		
2. AML/CFT* and Prohibited Practices compliance due diligence assessment (max. 1 page)		
Category	Probability**	Impact***
ML/TF	Low	LOW (<5% OF PROJECT VALUE)
Sanctions	Low	LOW (<5% OF PROJECT VALUE)
Reputational	Low	LOW (<5% OF PROJECT VALUE)
Prohibited Practices	Low	LOW (<5% OF PROJECT VALUE)
<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>OSS has undertaken a meticulous due diligence process, meticulously adhering to Know Your Customer (KYC) protocols, to thoroughly evaluate the executing entity capacities. This comprehensive assessment included a rigorous review of financial management procedures, scrutinizing their application through meticulous inspection of records. Additionally, OSS examined the executing entity track record in collaborations with other partners in Angola, ensuring strict compliance with Green Climate Fund (GCF) standards.</p>		

Drawing upon insights from this evaluation, OSS has compiled a comprehensive due diligence report. This report serves as a testament to the competency and suitability of the executing entity for the project. It's essential to note that OSS has an existing collaboration with ADPP Angola on another project funded by the Adaptation Fund within the neighboring region, showcasing a productive working relationship. This ongoing partnership reflects mutual trust and confidence, cultivated through shared experiences and successful collaboration on previous initiatives. OSS is poised to facilitate seamless coordination between projects, optimizing resources and expertise to maximize impact in addressing climate adaptation challenges.

OSS has implemented comprehensive policies to manage risks associated with money laundering, terrorism financing, and prohibited practices. These policies are designed to ensure that all aspects of our projects, including the PMU, the Executive Entity (EE), and service providers, are safeguarded against financial misconduct. Additionally, our procurement processes are governed by AE's Code of Ethics, which applies to everyone involved, reinforcing our commitment to ethical standards.

Here's a detailed explanation of why we believe the risk remains low:

1) Proven Track Record:

Our ongoing project in the Angola, funded by the Adaptation Fund and implemented by OSS, serves as a key reference. During this project, which has been subject to meticulous oversight, we have not encountered any incidents related to money laundering or terrorist financing. This successful track record provides us with strong evidence that our systems are effective in managing AML/CFT risks.

2) Stringent Disbursement Procedures:

Our financial disbursement protocols are designed to ensure absolute transparency and security. Funds are transferred solely to recognized, verified bank accounts, which creates a secure and traceable financial flow. We strictly prohibit cash transactions, a measure that significantly reduces the risk of money laundering and terrorist financing. This rigorous approach helps us maintain a high level of financial integrity.

3) Comprehensive Mitigation Measures

- The Executing entity: We partner with reputable NGO in Angola that adhere to international AML/CFT standards. The EE undergo strict regulatory oversight, which fortifies the security of our financial operations.
- Monitoring and Auditing: the project benefit from continuous monitoring and regular audits annual at the EE level and additional one at the mid-term and final evaluation stage carry out by one of the big 5 consultation and audit firms. This includes in-depth reviews of financial transactions and rigorous due diligence on all involved parties, ensuring that any potential AML/CFT issues are promptly identified and addressed.

While we acknowledge the FATF's concerns about Angola's AML/CFT framework, our proven track record, stringent financial procedures, and robust internal controls support our assessment of these risks as low. We remain vigilant and committed to regularly reviewing and enhancing our risk management strategies to ensure they reflect the latest developments and uphold the highest standards of AML/CFT compliance.

3. Other potential risks in the horizon

PS 2: Labor and Working Conditions:

Does the project/programme pose potential risks and vulnerabilities related to occupational health and safety due to physical, chemical, biological, and radiological hazards during project/programme construction, operation, or decommissioning? The project includes small-scale infrastructure construction (solar irrigation schemes, small water reservoirs and household level grain silos) in which the community and workers will participate. Both community stakeholders and local workers/contractors that may be employed could be exposed to OHS risk during the installation of small-scale infrastructure. In addition to common OHS risks associated with infrastructure construction, additional risks may be posed to communities and/or individuals as a result of historical conflict issues in the project area. In particular, there is a risk that landmines may be present in areas in which infrastructure construction is to take place. The project sites will be identified based on selection criteria that include demined lands, and/ or not affected by the land mines as per the initial selection criteria proposed within the FP.

Does the project/programme involve support for employment or livelihoods that may fail to comply with national and international labor standards? Climate Change Action Centres and irrigation schemes could lead to the employment of under-aged children or may result in infractions to the rights of workers under national regulation. The project will promote the fair treatment, non-discrimination and equal opportunity of workers, and compliance

with national labour and employment laws. Project contractors will be required to provide occupational health and safety for workers and this will be built into the terms of references published for procurement.

PS 3: Resource efficiency and pollution prevention

Would the project/programme potentially result in the release of pollutants to the environment with the potential for adverse local, regional, and/or transboundary impacts? Site specific dust and noise pollution/release may occur during the related construction works associated with the small grain stores. During the transportation of construction materials and debris, cargo shall be covered at all times. Local residents shall be informed of prior to the initiation of any construction/installation works. Construction noise shall be limited using Good Industry International Practice (GIIP) and limiting the construction activities to a daily regular shift. The equipment and machinery that shall be used should be calibrated according to national regulation.

Would the proposed project/programme potentially result in the generation of waste (both hazardous and non-hazardous)? PV panels and batteries will require disposal at end of life. If not managed adequately adverse impacts to the biophysical receptor environment may occur. Li-ion batteries for solar PV power systems and energy storage systems can produce potentially dangerous waste products. Due to the isolation and remoteness of the target communities, activities involving small-scale infrastructure construction (under activity 2.1.2: establishment of small-scale irrigation schemes at the community level) will require fuel to be transported to and stored in sites local to the communities. If the transport and storage of this fuel is not implemented in accordance with best practice, there is a risk that surrounding communities may be effected by an escape of hazardous waste.

PS 10: Access and equity and protection of human rights

Is there a likelihood that the project/programme would have inequitable or discriminatory adverse impacts on affected populations, particularly people living in poverty or marginalized or excluded individuals or groups?

Decisions regarding the distribution of resources, benefits and/or burdens resulting from post-harvest storage structure establishment and the establishment of micro-enterprises could lead to the exacerbation of existing inequalities if improperly managed. Considering the small scale of these activities, the potential impact of this risk is low. Nonetheless, decisions regarding locations for storage structures and allocation of micro-enterprise funding will be made with consideration of the opinions of local community members and authorities.

For full details of all E&S risks, refer to Annex 12: Environment and Social Management Plan.