

Risk Management Support Update

- CCM Evolution -

LAO PDR CCM Meeting
30th September 2022

Background

- ▶ CCM Evolution Threshold Assessment (Nov 2020-Feb2021) identified opportunities to strengthen Lao PDR CCM's **Oversight** function
- ▶ Of the 4 indicators for oversight performance in the assessment tool, **risk management** scored at the lowest level of functionality
- ▶ Through the CCM Evolution Strategic Initiative Lao PDR CCM is being given resources to pay for an **Oversight Officer** + **remote TA** to support oversight strengthening
- ▶ An external consultant has been providing remote support to the CCM Secretariat since March 2022.

Risk Management Support

- to date

- ▶ Review of top-level risks identified in Funding Request to Global Fund
- ▶ Training session with Secretariat on Risk Management (July)
- ▶ Working session with Oversight and Resource Mobilisation Committee (August)
- ▶ Output: Risk Rating and Mitigation Tracking Tool developed for use by Oversight Committee

Key Risks to Global Fund contribution to HANSA

From Funding Request

Decentralization Risk: The risk of reduced focus and support for TB/HIV programs as management responsibility shifts from central down to provincial/district level

Co-Financing Risk: The risk of delays in realization of domestic funding commitments particularly in relation to procurement

CSO Engagement Risk: The risk of limited CSO resourcing and engagement

Risk Analysis - Likelihood + Severity

This involves 2 questions for each risk identified:

1. What is the chance (**likelihood**) that this risk will occur in the next 12 months?

Highly Unlikely - Unlikely - Likely - Highly Likely

2. If it does occur, how **severe** will its impact on our grant objectives be?

Minor - Moderate - Major - Critical

Risk Evaluation

Risk Levels		Severity			
		Minor	Moderate	Major	Critical
Likelihood	Highly Unlikely	Low	Low	Medium	Medium
	Unlikely	Low	Medium	High	High
	Likely	Medium	High	High	Very High
	Highly Likely	Medium	High	Very High	Very High

Results of OC/RM Committee Risk Evaluation

Risk	Severity	Likelihood	Risk Level
<p>Decentralization Risk TB and HIV programme receive less focus and specific support at central level while decentralization process and provincial/district management capacity takes time to hand over ownership and responsibilities for addressing the two epidemics.</p>	Major	Likely	High
<p>Co-Financing Risk Domestic funding delay of procurement by domestic co-financing</p>	Critical	Highly Likely	Very High
<p>CSO Engagement Risk Limited/delayed access to funding and involvement of CSOs to implement community-based TB and HIV activities</p>	Moderate	Unlikely	Medium

3 Ways of Reacting to Risk

- ▶ **AVOID:** Stop doing the thing that gives rise to the risk
- ▶ **IGNORE:** Carry on doing the thing that gives rise to the risk, regardless:



- ▶ **REDUCE:** Plan and implement actions that reduce the risk (*mitigate.*)

Planned Mitigations for Grant Key Risks

(from Funding Request)

Risks	Proposed Mitigations
Decentralization Risk (less focus and support for TB/HIV)	<ol style="list-style-type: none">1. Indicators related to GF investment in TB/HIV have been developed with annual targets.2. Progressive shift of share of DLI Funding Value over time. (National level share ↓, provincial and district share ↑)
Co-Financing Risk (domestic procurement delays)	<ol style="list-style-type: none">1. Procurement of essential tests/drugs of TB/HIV supported by GF budget during 1st year. Then progressively handed over to GoL.2. Training by WB of the DPC procurement unit, procurement planning and monitoring, transparency and publication, staff DOI, check of specifications including value for money, careful planning of consultants' recruitment.
CSO Engagement Risk (ltd access to funds/ ltd involvement)	<ol style="list-style-type: none">1. Setting up of a mechanism for subcontracting CSOs by MoH DPC is a prerequisite for the first-year advance funding of DLI funds in both DLI J for TB and DLI K for HIV

2 Key Questions for Monitoring Mitigations

1. **Did it happen?** (Was the mitigation implemented as planned?)
2. **Did it work?** (Did it reduce the risk?)
 - ▶ Reducing Risk =
 - ▶ Reducing likelihood
 - ▶ Reducing severity of (potential) impact
 - ▶ Reducing both likelihood and severity

Mitigation Implementation Monitoring

Risk	Risk Level	Mitigations	Mitigation Status
Decentralization Risk	High	Develop specific indicators related to GF investment in TB and HIV with defined targets per year: (DLI J for TB notification and GeneXpert coverage for each province and DLI K for HIV for coverage of key populations).	Implementation Completed
		Progressively shift share of DLI funding value from NTC to PHD and DHO in accordance with HANSA DLI verification protocol	Implementation in Progress
Co-Financing Risk	Very High	Procurement of essential tests and drugs of TB and HIV to be supported by GF procurement budget during the first year (including 6 months buffer) until mid 2022 and then progressively handed over to GoL to give more time to secure the domestic funding.	Implementation in Progress
		Training by WB of the DPC (MoH) procurement unit, procurement planning and monitoring, transparency and publication, staff DOI, check of specifications including value for money, careful planning of consultants' recruitment.	Implementation in Progress
CSO Engagement Risk	Medium	Set up a mechanism for CSO subcontracting by MoH DPC (a prerequisite for the provision of the first-year advance funding of DLI funds in both DLI J for TB and DLI K for HIV)	Implementation Completed

Conclusions

- ▶ The Decentralization and Co-Financing Risks remain a major concern that require urgent attention
- ▶ The current set of mitigations for these two risks is unlikely to be sufficient to reduce the risk to an acceptable level (the co-financing risk has already actualised)
- ▶ Without further intervention it is highly likely that there will be a further default on co-financing commitments especially in the area of domestic procurement

Recommendations

- ▶ The CCM should agree on **additional mitigation actions** for the Co-Financing and Decentralisation Risks
- ▶ The Oversight Committee should **formalise risk mitigation implementation monitoring** into its regular meeting process
- ▶ The PRs should **report on progress** towards meeting **co-financing commitments** into every Oversight Committee meeting (a simple tool has been developed for this purpose)
- ▶ The PRs should **report on progress** towards meeting **domestic procurement commitments** into every Oversight Committee meeting
- ▶ Key risks should be **re-evaluated annually** to assess the impact of mitigations on risk level

Summary:

3 Key Risk Management Tasks for Strengthened CCM Oversight

1. Monitoring Risks

- ▶ Have they actualised/happened?
- ▶ (If not) Has the risk level changed (likelihood and/or severity)? - *Annual Assessment*

2. Monitoring Mitigations

- ▶ Have they been implemented? (*Checked regularly in Oversight Committee Meetings*)
- ▶ (If yes) Did they reduce the risk level (likelihood and/or severity) - *Annual Assessment*

3. Agreeing New Mitigations

- ▶ (If the risk level has increased or remained high) What additional mitigations will be implemented?

Two New Tools to Support Risk Management in Oversight

▶ **Co-financing commitment tracker**

- ▶ Tracks annual domestic budget approvals and expenditure against annual co-financing commitments for HIV and TB

▶ **Grant risk and mitigation tracker**

- ▶ Logs risk rating for each of the grant risks and tracks progress and impact of mitigations
- ▶ User selects Severity and Impact levels for each risk - risk rating is automatic based on selection
- ▶ Allows addition of new mitigations

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Questions?