

## ANNEX 7 RISK ASSESSMENT AND MANAGEMENT

<b>1. Risk factors and mitigations measures (max. 2 pages)</b>		
<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>		
<b>Selected Risk Factor 1: No respect of technological itinerary</b>		
Category	Probability	Impact
Technical and operational	Medium	Medium
Description		
<p><i>Please describe the risk to the best of your knowledge at this point in time.</i></p> <p>The main risk is that producers will not respect the farms' technological itinerary which can lead to a decrease of production. For each agricultural activity, technological itineraries are clearly defined to ensure the productivity of the investments put in place. They are a logical and orderly combination of techniques to control the environment and derive a given output. On ANIDA farms, the agricultural advisor assigned to the farm is responsible for assisting the beneficiaries in the follow-up of the technical itineraries designed. However, beneficiaries may not respect these technical itineraries for some reason (misunderstanding, laziness, etc.). In these cases, this can lead to a significant drop in yield which will in turn affect the maintenance of farm equipment and the purchase of seeds and other phytosanitary products during the next crop year.</p>		
Mitigation Measure(s)		
<p><i>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?</i></p> <p>Several measures have been proposed to help mitigate and manage this risk. First, the beneficiaries will be well trained on agricultural management techniques. Secondly, a procedure named « procedure of agricultural advisor » has been developed. Addition to the presence of agricultural advisor, a coordinator will make sure that the procedure is respected.</p> <p>These mitigation measures are expected to lower the risk from affecting programme outcomes and reduce the probability of occurrence.</p>		
<b>Selected Risk Factor 2: Conflicts</b>		
Category	Probability	Impact
Social	Low	Medium
Description		

<p><i>Please describe the risk to the best of your knowledge at this point in time.</i></p> <p>At the time of identification and selection of beneficiaries, there may be conflicts between the selected beneficiaries and unsuccessful ones.</p>		
Mitigation Measure(s)		
<p><i>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?</i></p> <p>To mitigate this risk, the procedure of selection of beneficiaries will be use. Criterias of selection will be respected with transparency.</p>		
<b>Selected Risk Factor 3: Poor management of infrastructures and equipment</b>		
Category	Probability	Impact
Technical and operational	Medium	Medium
Description		
<p><i>Please describe the risk to the best of your knowledge at this point in time.</i></p> <p>The second risk identified is the poor management of infrastructures and equipment. It is seen in many project that after the project implementation period, the infrastructures and the equipment purchased by the project are degraded. It can be due to a lack of techniques to ensure the maintenance or lack of financial resources.</p>		
Mitigation Measure(s)		
<p><i>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?</i></p> <p>To mitigate this risk, management committees will be set up the ensure the management of the infrastructures and the equipment. The member of the management committees will be choose upon the member of the economic interest group which are running the farms. The agricultural advisor will also be in charge of ensuring the respect of the procedures. The management committees will be trained on maintenance techniques and each economic group will put in place a saving account to finance any damage on the infrastructures or the equipment .</p>		
<b>Selected Risk Factor 4: Delays from service providers</b>		
Category	Probability	Impact
Technical and operational	Low	High
Description		
<p><i>Please describe the risk to the best of your knowledge at this point in time.</i></p> <p>When the companies in charge of the works will be recruited, a planning of the implementation of the activities will be defined and validated. However, given certain conditions (climatic, cultural, financial, etc.), delays can be observed in carrying out activities. Failure of service providers can lead to delays in the entire implementation of the project.</p>		
Mitigation Measure(s)		

<p><i>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?</i></p> <p>To manage the risk, several follow-up missions will be conducted by the project team to make sure that all activities are running in time. If an important delay is identified, the contract with the service provider can be broke.</p>		
<b>Selected Risk Factor 5: Increase cost of family farms</b>		
Category	Probability	Impact
Financial	Medium	Medium
Description		
<p><i>Please describe the risk to the best of your knowledge at this point in time.</i></p> <p>The whole budget line for the result 1.1 of the project has been designed based on a particular price of family farms. The risk is that that cost can increase by the time the project is implemented.</p>		
Mitigation Measure(s)		
<p><i>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?</i></p> <p>To mitigate this risk, a contingency line will be add up to the budget in order to reduce the impact of the risk.</p>		
<b>Selected Risk Factor 6: Political unrest</b>		
Category	Probability	Impact
Political	High	Medium
Description		
<p><i>Please describe the risk to the best of your knowledge at this point in time.</i></p> <p>The next presidential elections are planned in 2024. Since ANIDA is a national agency, the elections can cause delay in the implementation of the activities because ANIDA will be less responsive. Furthermore recent national and regional political events have emerged such as extremist violence in neighboring countries, political violence and separatist tensions.</p>		
Mitigation Measure(s)		
<p><i>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?</i></p> <p>This risk will be mitigated by the professionalization and empowerment of the producers. Thanks to those activities the producers will be able to implement the activities during the elections period.</p>		
<b>Selected Risk Factor 7: Corruption risks</b>		
Category	Probability	Impact
Governance	Low	High

Description		
<i>Please describe the risk to the best of your knowledge at this point in time.</i>		
Due to the high budget allocations to equipment, there is a risk that the procured equipment will not be used for the intended purposes		
Mitigation Measure(s)		
<i>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?</i>		
This risk will be mitigated by putting in a special independent procurement committee at CSE that will oversee all of the procurement activities a report directly to the executive director. The independent procurement committee will be required to ensure a good monitoring by going in every farm to make sure that the equipments were delivered and correctly installed.		
<b>Selected Risk Factor 8: Absence or reduction of social mobilization of communities</b>		
Category	Probability	Impact
Social	Low	Medium
Description		
<i>Please describe the risk to the best of your knowledge at this point in time.</i>		
This risk may arise from a lack of communication about project activities or conflicts in the selection of beneficiaries.		
Mitigation Measure(s)		
<i>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?</i>		
This risk will be mitigated by implementing a good communication plan and an implication of the communities into all project activities.		
<b>2. AML/CFT* and Prohibited Practices compliance due diligence assessment (max. 1 page)</b>		
Category	Probability**	Impact***
ML/TF	Low	HIGH (>20% OF PROJECT VALUE)
Sanctions	Low	MEDIUM (5.1-20% OF PROJECT VALUE)
Reputational	Low	MEDIUM (5.1-20% OF PROJECT VALUE)
Prohibited Practices	Low	LOW (<5% OF PROJECT VALUE)

\*Anti-Money Laundering/Countering the Financing of Terrorism

\*\*H: High (has significant probability), M: Medium (has moderate probability), L: Low (has negligible probability)

\*\*\* H: High (has significant impact), M: Medium (has moderate impact), L: Low (has negligible impact)

<sup>1</sup> Money Laundering/Terrorist Financing

<sup>2</sup> Sanction prohibitions of the United Nations, or other relevant sanctioning authorities (including the World Bank Debarred List)

<sup>3</sup> In the context of Money Laundering/Terrorist Financing and Prohibited Practices

<sup>4</sup> Abuse, Conflict of Interest, Corrupt, Retaliation against Whistleblowers or Witnesses, as well as Fraudulent, Coercive, Collusive, and Obstructive Practices

*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 whistleblowers and any other coercive, collusive or obstructive practice. Also provide the controls and measures to mitigate each identified risk.*

**Risk 1:** no application of the CSE's AML/CFT

**Measure:** include the application of CSE's AML/CFT in the financial due diligence

**Risk 2:** Corruption, fraud, abuse

**Measure:** *Eliminating conflicts of interests:* Manage the risk of Conflicts of interest through implementation of an auditable declaration process where all declarations are assessed and verified. *Inform employees how to raise concerns* by Promoting the GRM

*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 Person(PEPs) etc.*

### 3. Other potential risks in the horizon

*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.*