

Simplified Approval Process

Annex 7: Risk assessment and management



RISK ASSESSMENT AND MANAGEMENT

1. Risk factors and mitigations measures (max. 2 pages)

The project is designed considering the potential social and environmental risks as well as financial and operational risks. Some of the key social and environmental risks include:

Social Risks

- Small holder farmers may shift to or continue practising the current unsustainable farming practices after the project has ended
- One of the major risk is associated with the fact of the hilly masses being open for livestock grazing of domestic animals and the risk of bush fires which are often started by communities in protest against authorities
- Cultural practices related to slash-and-burn, towards the rainy season in preparation for tilling, is a risk the planned tree-planting along/near farmlands
- There is a risk of overcrowding the newly rehabilitated irrigation zones owing to the limitation of appropriate (flat) farmlands which might lead to social conflicts

Environmental Risks

- There is risk of siltation of the irrigation infrastructure during the project period (which is an ongoing phenomenon) may shadow the impact of the project activities
- Flooding in recent times is proving to be a major risk to landscape activities in many parts of Burundi

Selected Risk Factor 1: Small holder farmers may shift to or continue practising the current unsustainable farming practices after the project has ended

Category	Probability	Impact
Technical and operational	Medium	Medium
Description		
The project seeks to support farmers adopt sustainable land management practices in a bid to reduce surface run-off to protect the irrigation/production infrastructure downstream. This should then enhance their resilience while reducing vulnerability to, particularly, flooding. The targeted small holder farmers may return to or continue with unsustainable farming practices after the project has ended hence leaving farmers exposed to the same climate risks the project aims to safeguard them from.		
Mitigation Measure(s)		
The GCF project has incorporated extension support and farmer field school activities within the project to support farmers in adopting and sustaining the sustainable land management practices. The project will build capacity of the extension and related service providers within the government in the project zones that will be critical in providing the support after the project ends.		
Selected Risk Factor 2: hilly masses being open for livestock grazing and the risk of bush fires which are often started by communities in protest of the authorities		
Category	Probability	Impact
Technical and operational	Medium	Medium
Description		

One of the major interventions of this project is to increase vegetation cover in the hills in order to improve water retention and reduce surface run-off. The project will support reforestation of hilltops and creation of surface water management.		
Mitigation Measure(s)		
Special mitigation measures to cope with such risks have been incorporated in the project design. This will decrease or eliminate the risk of the fires started either in protest or as a means of regenerating grass for grazing. The project will work closely with regulators and community groups to enforce (and strengthen) some of the regulations set to control human activity in the hilltops.		
Selected Risk Factor 3: Cultural practices related to slash-and-burn, towards the rainy season in preparation for tilling, is a risk the planned tree-planting along/near farmlands		
Category	Probability	Impact
Technical and operational	High	Medium
Description		
There exists cultural practices and perceptions the practice of slashing and burning vegetation in certain seasons of the year. During the dry season, it is common to set the hillsides on fire so as to get the grass to grow afresh. This is practised very widely by those with livestock. Regarding clearing for cultivation, the zones close to the fertile plans are often burned to clear additional farmlands/space. These practices could be counterproductive to some of the activities of this GCF project.		
Mitigation Measure(s)		
As a mitigation measure, the project proposes awareness creation about the negative impacts of this practice; while creating understanding (and promoting alternative means). These would include alternative fodder production as well as already successful breeding. Awareness activities will be aimed at deconstructing the cultural perceptions about the “superiority” of slash and burn will be intensified. On the enforcement side, the project will review policies and regulations in place in order to support the Government and hill management committees in co-creating enforcement modalities.		
Selected Risk Factor 4: The risk of overcrowding the newly rehabilitated irrigation zones owing to the limitation of appropriate (flat) farmlands which might lead to social conflicts		
Category	Probability	Impact
Technical and operational	Low	Medium
Description		
During the dry season, most of the communities will rely on farming activities for the flat farmlands in the public irrigation schemes in both Imbo and Moso. The IFAD project has been rehabilitating and expanding these schemes which have remained under extreme threats by flooding. The basis of this project is to address this flooding and resulting siltation. Once done, the results will make these irrigated farmlands highly attractive to the neighbouring communities. Which could then lead to overcrowding.		
Mitigation Measure(s)		

As part of the mitigation measure, the soil and water conservation mechanisms practices in the steep hillsides will be accompanied by gardening techniques especially for vegetables which can be practised year-round in order to reduce the demand of farmlands in the plains.

Selected Risk Factor 5 and 6: There is risk of flooding and siltation of the irrigation infrastructure during the project period (which is an ongoing phenomenon) may shadow the impact of the project activities

Category	Probability	Impact
Technical and operational	Low	Low
Description		
During the project, some support some of the irrigation infrastructure may still be silted again due to lack of now frequent regular heavy upstream. The beneficiaries may fail to see the impact of the project activities upstream and reduce their support for it. The siltation would also have implications on the productivity of the infrastructure being protected in the short term.		
Mitigation Measure(s)		
The project proposes to build capacity of the hillside management committees on the gradual and cumulative impact of the project on the irrigation and other infrastructure which will result to reduced flooding and stemming siltation.		

2. AML/CFT* and Prohibited Practices compliance due diligence assessment (max. 1 page)

Category	Probability**	Impact***
ML/TF	Low	HIGH (>20% OF PROJECT VALUE)
Sanctions	Low	HIGH (>20% OF PROJECT VALUE)
Reputational	Low	MEDIUM (5.1-20% OF PROJECT VALUE)
Prohibited Practices	Low	HIGH (>20% 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)

¹ Money Laundering/Terrorist Financing

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

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

⁴ 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.

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.

IFAD will continue to use the standards, precautions and compliance systems already in place for existing operations in Burundi.

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.