

## ANNEX 7 - RISK ASSESSMENT AND MANAGEMENT

### PROJECT: FISH-ADAPT

Selected Risk Factor 1		
Category	Probability	Impact
Technical and operational	High	Medium
Description		
Inadequate human resources or qualified service providers for project implementation. In small island developing states (SIDS), the relatively small population often results in a limited pool of specialized human resources and service providers. This shortage can significantly impact the project's ability to find and recruit individuals or organizations with the necessary knowledge and experience to manage and implement project activities effectively		
Mitigation Measure(s)		
The project will recruit on a competitive and transparent basis the project staff and PMU personnel, who will benefit from technical support from the FAO sub-regional office for the Caribbean (based in Barbados), the FAO Regional Office for Latin America and the Caribbean (based in Chile), and the FAO Headquarters. In addition, the project will invest in strengthening the planning and implementation capacities of key line ministries and agencies. The GCF Readiness project and the FP preparation work have allowed the AE to pre-identify a cohort of specialists and increased their familiarity with the requirements to deliver FISH-ADAPT. Where possible, the project will benefit also from the expertise of the teams' delivering elements of the World Bank UBEC project and other initiatives. FAO has already identified reliable service providers in the region and country through procurement processes undertaken in previous projects. These service providers will be invited to submit expressions of interest and formal bids as needed.		
Selected Risk Factor 2		
Category	Probability	Impact
Governance	Medium	Low
Description		
Change in the development and climate priorities of the Government of Saint Lucia (e.g., because of national elections in 2026).		
Mitigation Measure(s)		
FISH-ADAPT is designed to reflect the needs and priorities of local stakeholders in Saint Lucia's fishing and farming communities. The project also responds directly to the priorities identified in the Government of Saint Lucia's national adaptation plans, via an inclusive multi-year process involving a wide range of stakeholders. This bottom-up and top-down alignment will help to ensure strong support that transcends political affiliation. The project's implementation arrangements will include high-level Government representatives from line Ministries and the NDA. The FAO representative on the project steering committee will remain in constant dialogue with Government counterparts to anticipate potential changes in policies and strategic direction, and to propose – together with the PMU – necessary adjustments to ensure alignment with changes to Government policy.		
Selected Risk Factor 3		
Category	Probability	Impact
Other	Medium	Medium
Description		
Social and cultural inertia against adopting new practices		

Mitigation Measure(s)		
FISH-ADAPT takes into account lessons learned from previous efforts to modernize Saint Lucia's fisheries sector. The project focuses on proven practices and technologies to reduce the perception of risk for beneficiaries. Activities take a step-wise approach to removing barriers to action and introduce fishers, farmers and value chain actors to good practices already adopted in neighbouring countries. The project includes budget for FAO experts in several disciplines to provide in-country technical backstopping and training to national counterparts to ensure sustainable transmission of knowledge, skills and expertise to relevant stakeholders.		
Selected Risk Factor 4		
Category	Probability	Impact
Technical and operational	Medium	Medium
Description		
Increased competition over resources leads to community conflict as economic opportunities increase		
Mitigation Measure(s)		
The project is designed via participatory community consultations and will be implemented largely by small fishers, farmers and cooperatives. The project will promote dialogue and consensus-building processes through consultation and coordination to achieve inclusive decision-making and design of solutions. The project also will support public agencies to improve demarcation and licensing for improved management of public resources.		
Selected Risk Factor 5		
Category	Probability	Impact
Gender	Low	Medium
Description		
On SEAH/GBV, there could be incidences of Gender Based Violence/Sexual Exploitation Abuse and Harassment		
Mitigation Measure(s)		
To reduce the possible incidences, an action plan on SEAH/GBV will be developed during the project inception phase. The plan will include activities like annual awareness workshops for contractors, subcontractors and people living in the immediate project area; contractual clauses to enforce the required lawful conduct and legal consequences for failure to comply, the commitment to cooperate with law enforcement agencies investigating cases of GBV, against rape, defilement and other GBV, and a Code of Conduct; sensitize beneficiaries on the prohibition of child labor; and the dissemination of laws protecting the rights of women and girls including raising awareness on families, workshops on gender, and a communication strategy on the prevention of violence and harassment. In addition, budgeted project activities and sub-activities include gender sensitivity training for beneficiaries and upgrading of facilities with improved lighting and other measures to improve safety.		
Selected Risk Factor 6		
Category	Probability	Impact
Other	Medium	Medium
Description		
Exogenous risks include: i) Climate change and severe weather (similar to Hurricane Beryl in July 2024) impacting project activities; (ii) COVID-19 and another sanitary crisis disturb implementation. These risks would translate into operational disruptions and discontinuation of activities' implementation (if COVID related), and would threaten investments, livelihoods and fishers' resilience (if climate related).		
Mitigation Measure(s)		
The FISH-ADAPT project is intended by design to reduce vulnerability and exposure to climate risks related to extreme weather. The project prioritizes "quick wins" that produce climate vulnerability reduction benefits in Year 1, even while longer term resilience measures are put in place over the rest of the project period. The emphasis on low-impact and nature-based measures makes it easier for national stakeholders to maintain, repair and rehabilitate		

facilities that are damaged by storms during and after the implementation period. Implemented solutions, such as aquaculture farms and improved landing sites will include vulnerability assessments and adaptation strategies to minimize impacts from climate change and severe weather.

Risks mitigation strategies against the COVID-19 pandemic will include (i) adjusting stakeholders' engagement plans, adopt higher flexibility and adaptive management and use remote communication whenever possible, (ii) maintaining social distancing, (iii) reviewing and adjusting implementation and stakeholder engagement arrangements to compensate staff shortages.

These actions will lower the impact of risk to medium.

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

Category	Probability**	Impact***
ML/TF	Low	LOW (<5% OF PROJECT VALUE)
Reputational	Low	LOW (<5% OF PROJECT VALUE)
Prohibited Practices	Low	LOW (<5% OF PROJECT VALUE)
Sanctions	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

*FAO has consistently complied with the principles of Anti-money Laundering and Countering the Financing of Terrorism Policy and applied its own rules in order to comply with the objectives of the Policy on Prohibited Practices, as per Clause 9.03 of the current Accreditation Master Agreement (AMA) and will continue complying with such obligation for the Funded Activity in alignment with the Funded Activities Agreement to be executed between FAO and the GCF.*

*The proposed Project foresees that FAO, and the Government of Saint Lucia, acting through the Ministry of Agriculture, Fisheries, Food Security and Rural Development (MoA), the Ministry of Finance, Economic Development, and the Youth Economy (MoF) act each as an Executing Entity ("EE") for the implementation of the Project as described in the Funding Proposal. The Centre for Livelihoods, Ecosystems, Energy, Adaptation and Resilience in the Caribbean (CLEAR Caribbean) will execute activities with its own funds (parallel financing) and coordination will be established through the Technical and Steering Committees.*

*The Project will be executed in full compliance with the following policies and procedures regarding AML/CFT (KYC), as also confirmed in the current AMA and assessed in the re-accreditation decision (B.37/18);*

- [FAO Administrative Circular 2015/08 Policy Against Fraud and Other Corrupt Practices](#)
- [FAO Administrative Circular 2014/27 FAO Vendor Sanctions Policy](#)
- [FAO Administrative Circular 2021/10 Whistleblower Protection Policy](#)
- [The Standards of Conduct for the International Civil Service](#), incorporated into FAO's Administrative Manual Section 304
- [FAO General Terms and Conditions for Services \(April 2015\) clauses 33 – 36](#)
- [FAO General Terms and Conditions for Goods \(April 2015\) Clauses 29 – 32](#)
- [FAO Administrative Circular 2020/04: FAO's Financial Disclosure Program](#)
- [FAO Procurement Service's sanctions Due Diligence procedures](#)
- [UN Global Marketplace ineligibility lists, which incorporates the Consolidated UN Security Council Sanctions List](#)
- [UN Supplier Code of Conduct](#)

*These policies and procedures apply to all FAO personnel and all contractual arrangements between FAO and implementing partners, suppliers or other third parties for administrative, technical or operational purposes.*

*In addition, FAO will include in the Project agreement to be signed with the Government of Saint Lucia clauses related to AML/CFT, providing, inter alia, that:*

- The Government shall comply, and shall require all persons and entities engaged in its activities under the Project to comply, with all internal anti-money laundering, counter-terrorism financing laws, rules, and regulations;*
- The Government confirms it has obtained sufficient undertakings from all persons and entities involved in its activities under the Project that they shall not engage in any prohibited practices; the Government undertakes and confirm that it shall comply with the substantive objectives of the GCF's Policy on Prohibited Practices;*
- Consistent with numerous United Nations Security Council resolutions adopted under Chapter VII of the UN Charter, the Government and FAO are firmly committed to the international fight against terrorism and, in particular, against the financing of terrorism. It is the policy of the Government and FAO to seek to ensure that none of their funds are used, directly or indirectly, to provide support to individuals or entities: i) associated with terrorism, as included in the list maintained by the Security Council Committee established pursuant to its Resolutions 1267 (1999), 1989 (2011) and 2253 (2015); or ii) that are the subject of sanctions or other enforcement measures promulgated by the United Nations Security Council. This provision must be included in all agreements that may be concluded with third parties for the implementation of activities under the Project.*

*During project implementation FAO, as AE, will ensure close monitoring and supervision through its Representations, Regional Offices and Headquarters in order to ensure that the activities are implemented in full compliance with the signed project agreement and as the FAA/AMA.*

### **FAO'S ACTIONS TO BE TAKEN IN CASES OF PROHIBITED PRACTICES**

*FAO is committed to identifying, mitigating and addressing fraud, corruption and other Prohibited Practices. If wrongdoing by a Third Party involved in FAO operations is established, FAO has in place a mechanism to impose the most appropriate sanction(s) or corrective and rehabilitative measure(s) in accordance with the FAO Sanctions Procedures. Any Third Party that is proven to have engaged in unethical, corrupt or fraudulent activities may be debarred and deemed ineligible to conduct business relations with FAO, among other possible sanctions. Debarred Vendors will be classified as Ineligible Vendors and included on the UN Ineligibility List shared with other UN agencies through the UN Global Marketplace. If wrongdoing is established, FAO will inform GCF and, as necessary, discuss possible approaches with regard to any funds that may have been misappropriated or otherwise affected.*

*As per FAO rules, regulations and procedures, established unsatisfactory conduct by FAO staff members and all other personnel gives rise to administrative and/or disciplinary action. FAO does not tolerate any type of fraudulent and other corrupt practices within the workplace or associated with the work performed on behalf of the Organization. It has a zero-tolerance policy in respect of fraud and other corrupt practices in all its manifestations and, accordingly, FAO will consistently impose a disciplinary measure on FAO staff members, including dismissal, termination of contractual relationships in the case of other FAO personnel, debarment from doing business with FAO in the case of a third-party entity, or other sanctions, as appropriate. Such actions will be taken in accordance with the relevant provisions of FAO's Administrative Manual.*

### **3. Other potential risks in the horizon**

The project stimulates private sector activity to revitalize Saint Lucia's fisheries sector and increase climate resilience. Private actors may identify and take advantage of commercial opportunities that were not envisaged during project formulation. The project's stakeholder engagement plan, gender action plan, and environmental and social monitoring systems will help identify and mitigate any potentially adverse consequences of these activities.