Central African Forest Initiative (CAFI) Risk Management Strategy

Version 2 adopted through Decision EB.2022.35 on December 28, 2022

Version history:

- Version 1. Risk Management Strategy adopted by Decision EB.2019.04 adopted at EB 12 in Bonn, Germany 5 April 2019

Annexes to the Strategy:

- Annexe 1: Relevant Risks description
- Annexe 2: PRODOC & Monitoring report templates (available on CAFI drive)

CONTENTS

1 Purpose

Central African Forest Initiatives (CAFI)'s objective is to mitigate climate change from the land use/forest sector and reduce poverty. Reducing the pressure on forests and achieving the nation-wide emission reductions as expected by the Paris Agreement, require a systemic response led by governments in coordination with different stakeholders. This is because the drivers of deforestation span several economic sectors (agriculture, energy, forestry, infrastructure, land use planning, demography, mining, land tenure etc.) Very few countries have managed to decouple deforestation from economic growth, and this is what is expected from Central African governments. In addition to this decoupling being very difficult to achieve, the complex political economy context in the region, with structural issues often including weak institutions and low capacity (in terms of lack of institutional performance, adaptability, stability and inter-ministerial collaboration), compounded by vested interests preventing the needed institutional and policy reforms, make the decoupling even more difficult. Numerous studies have documented these obstacles in various countries in the region, and mention issues such as close ties between the political and economic elites, or lack of national ownership over reform processes and inclusiveness of policy processes[1].

In this context, the purpose of CAFI's Risk Management Strategy is to find the right balance between risks and delivery on the strategic objectives of the fund. The main objectives are to: accelerate delivery and increase fund impact; ensure that fund operations 'do no harm'; verify that funds are used for their intended purpose and build risk management capacities.

Along with coordination, harmonization, scale, and lower transactions costs, the pooling of risk and risk management arrangements is now commonly considered a key advantage of multi-partner funds.[2] However, for this risk sharing to be meaningful, it is fundamental to this strategy that by sharing their analysis and management of risk, governments, contributors and the fund manager/administrator are able to respond to the risks of engaging in forest management in Central Africa.

2 Definitions

Risk: Risk is the likelihood of a harmful event occurring and the impact of the event if it were to occur (Risk = Likelihood x Impact)

Likelihood: A rating of the assessed potential for a harmful event to affect the Fund, Organization or project.

Impact (or consequences): rating of the assessed potential harm that an event would have (if it were to occur) on the Fund, Organization or project

Risk matrix: Tool to assess risk level according to likelihood ant impact level assessment

Prevention/Mitigation: Taking measures to reduce **likelihood/** Taking measures to reduce **Impact**

CAFI Risk management Strategy: a structured approach to addressing risks and to ensure delivery on the strategic objectives of the fund.

[1] https://www.cafi.org/sites/default/files/2021-12/2021%2012%20-%20CAFI%20Terms%20of%20Reference%20ENG%20-%20Revised%20December%202021.pdf

[2] Commins et al. 2013, ii.

CAFI Risk management Framework is composed of both a template (called risks management dashboard below) and guidelines used to identify, eliminate and minimize risks which apply to the fund level

CAFI Risk management dashboard: Tool to assess and monitor risks at the fund level and identify relevant prevention and mitigation actions

3 PRINCIPLES

CAFI note the importance of complying with the following general principles under the Risk Management Strategy, which apply to all of interventions supported by the Initiative:

1. **Shared risk management responsibilities** between Fund donors, implementing organizations and governments
2. **Appetite to fund investments in under-developed and high-risk areas**, especially to target support on most vulnerable populations and to promote equity
3. **Higher risk tolerance for interventions that focus on national rather than international implementation** to ensure national &local ownership. Indeed, CAFI recognize the importance countries national and local capacities building to support a transformational change in line with CAFI theory of Change meaning that there will be a constant research for approaches that favour national execution but with appropriate safeguards that could induce higher risks management costs.
4. **Risks diversification** approach which involves combining a variety of different investment types and implementation modalities across sectors and across regions (to reduce overall exposure to risk and avoid unsystematic risk)
5. **Dialogue to establish consensus on trade-offs, acceptable levels of risk and appropriate mitigation measures** establish through dialogue between fund managers and key stakeholders (fund contributors and recipient entities)
6. **Coordination and synergies for a** pro-active, efficient, flexible, and adequately resourced approach to emerging risks & unforeseen events

4 JOINT RISK MANAGEMENT APPROACH AND PROCESS

4.1 LEVELS CONSIDERED FOR RISK MANAGEMENT: FUND & PROGRAMME/PROJECT LEVELS

As with other Multi-Partner Trust Funds of the United Nations, risk is managed at two levels: at the programme and the Fund levels.

(i) At the programme/project level:

CAFI is a pass-through mechanism, this means that the programmatic and fiduciary responsibility is fully delegated to the implementing organizations that use their own rules and procedures to implement programs and manage risks. Implementing agencies, as per the CAFI Fund Terms of Reference, are asked to "respect their rules and regulations and display a high level of awareness with regard to the risk of fraud, corruption[3] and all other contextual and programmatic risks identified by

[3] Described in section VIII of the Memorandum of Understanding.

the Executive Board (EB). This includes investigations, audits, refusal of cash advances, recovery of funds and disciplinary measures etc.

As per the terms of reference of the CAFI Trust Fund, implementing organizations (i) must obtain authorized access to the Trust Fund, and (ii) are the ultimate responsible and accountable for identifying and mitigating risks that are inherent to the projects.

Access to the Trust Fund: UN-Organizations are eligible for automatic access to the Trust Fund. However, for Non-UN Organizations (or NUNOs) the access to the trust fund is obtained via compliance to a set of assessments, namely the HACT Micro-assessment (Harmonized Approach to Cash Transfers), the SEAH Assessment (Sexual Exploitation, Abuse and Harassment) and a Socio-Environmental Safeguards (SES)[4] assessment. Additionally, NUNOs are required to provide legal registration and past performance credentials, in conjunction with the establishment of a quality assurance plan to address the gaps identified during the access assessments (More details on the Access Requirements can be found in CAFI`s Manual of Operations).

Project design/implementation: When approving programs, implementing organizations are requested to provide information about their processes including relevant links to rules and procedures in their program document. Program documents also include a specific section dedicated to risk identification, assessment, and prevention/mitigation measures. Once identified, prevention and mitigation measures must be included in the program strategy description and proper means (including necessary budget) are estimated and reflected in the budget[5].

IOs are asked to be proactive in reporting those risks to the CAFI Multi-Partners Trust Fund bodies. When reporting back to the Trust Fund, implementing organizations are required to report back on any incident that happened during the reporting period in their narrative reports shared publicly as well as on risks mitigation measures status of implementation. The EB decisions, the Trust Fund Terms of the Reference and Manual of Operations also request implementing organizations to proactively manage and inform the board of risks by reaching out first CAFI Secretariat (i.e., not only when requested in reports).

(ii) At the fund level:

At the fund window level, the RMS intend to manage risks that extend beyond the objectives and operations of individual programs, and to ensure that fund operations "do no harm". These risks extend beyond the cumulative performance of individual programs to the aggregate impact of the operation and distribution of funds as a whole. They constitute what might be termed portfolio level risks, or those that are common to the operations of the funds as a whole, irrespective of individual programs/projects: here issues such as national level policy dialogue, political context, communication and capacity or fund level delivery might come into play. While project and programme level tools will be applied for managing project and programme level risk; project and programme level risk monitoring is be fed into the risk management approach at fund level. The framework to adress risks

[4] Nb. As per CAFI MOP, the SES can apply to either the Organization and/or the projects – procedures are described in CAFI MOP.

[5] A list of relevant risks description specific to CAFI initiative and targeted countries are presented in Annex 1 of this strategy based on CAFI internal expertise and lessons learned and the implementing organizations are expected to include relevant risks description from this list in their program document (as well as programs specific risks not identified in their program document).

at the fund level is described in the next section of the RMS (cf. *Risk management framework at the fund level*)

This complementarity is based on the **principle of sharing risk management responsibilities** between Fund donors, organizations implementing projects/programs and governments. In addition to implementing organizations:

- Central African Governments and National Steering Committees are often responsible for political risks
- CAFI Executive Board & Donors (that comprises non-contributing donors) for resources risks
- the CAFI Secretariat for coordination and management risks at Fund level
- the Multi Partner Trust Fund (MPTF) Office for fund management at Fund level.

There are several key features of this approach:

- First, the risk management strategy recognizes that there will be interactions between project and fund level risks– this fund level risk management influences, and is influenced by, project level risk approaches and vice versa. The strategy tries to support integration between project and fund level risk management.
- A second is trade-offs. Managing risk at fund level has been shown through extensive international experience to particularly involve risk trade-offs. For example, management of fiduciary risk in individual projects may have an impact on programme delivery through delays, or emerging imbalances in the portfolio disbursements, that in turn may affect fund level objectives.

An important implication of this multi-level approach to risk is that the risks encountered at this level are interactive and dynamic, and therefore that the level of knowledge about the risk profile is necessary limited, initial analysis notwithstanding. A core principle of this risk management strategy is therefore emphasis on on-going analysis, feedback loops to inform management of emerging risks, and flexibility to respond to increased knowledge about risk profiles over time (principle 6 of the RMS).

An added value of this approach is the possibility to include risk escalation approach as described below in section 4.4 CAFI Risk Event Escalation .

4.2 Institutional and Implementation arrangements

1. Executive Board

The Executive Board

i) will adopt the Risk Management Strategy
ii) will review the Risk dashboard, updated on a semi-annual basis and update the risks description list (annex 1), if deemed necessary
iii) may decide to formally endorse the dashboards, bi-annually, through formal decision
iv) will review the risk summary per country, presented in Annual reports, the latter being subject to approval.

Dialogue between contributors to the CAFI Fund about risks identification, trends and management will take place, upon request, during donor monthly calls facilitated by the CAFI Secretariat.

2. CAFI Secretariat

The CAFI Secretariat will

i) update the Risk Dashboard on a semi-annual basis
ii) produce a risk summary for each country, based on reports from implementing organizations and in dialogue with them, that will be inserted in consolidated reports of the CAFI Fund.
iii) Provide guidance to implementing organizations, ensuring that they provide a risk analysis in their annual reports to the Fund, and perform quality control over the process by which this assessment has been performed. For DRC, these activities are performed by the FONAREDD secretariat, with technical support from the CAFI Secretariat and discussions in the Technical Committee meetings, as part of its M&E functions.
iv) Escalate to the Executive Board

The primary person responsible for risks in the CAFI Secretariat is the senior officer in charge of risk management, under the supervision of the Head of the CAFI Secretariat.

3. Implementing organizations

Implementing organizations will

i) identifying and mitigating risks that are inherent to the projects – to be included in their program document following guidelines provided in template
ii) display a high level of awareness with regard to the risk of fraud, corruption and all other contextual and programmatic risks identified below in the Risk Management Framework section.
iii) Be proactive in reporting those risks to the CAFI Executive Board and MPTF (and to the FONAREDD Secretariat in the DRC), through Annual narrative reports and ad-hoc discussions when a risk materializes
iv) Work together with the rest of the CAFI Executive Board to support risk mitigation measures that do not solely pertain to their programmes

4. Countries steering committee & countries governments

i) Review and adopt preventive / mitigation measures for risks that countries owned. Identified risks are included in minutes of Steering committee and national secretariat (or equivalent) of committee follow up on their implementation

4.3 Reporting and Information sharing

1. *Reporting mechanisms/frequency/audience/content*

Tool	Frequency	Audience	Content	Responsible entity
Risk reporting in program narrative reports	Semi -annual basis (submitted on 30 March and 30 august each year)	Public	Reporting on risks identified in PRODOC	IOs
Risk Dashboard	Semi-annual basis (prepared for and presented to the EB in April of each year	CAFI EB only	Cf. Annexe 1	CAFI Sec.
Country Risk summary (in CAFI annual report)	Annual basis Summary inserted in CAFI annual reports, completed by 30 June of each year	Public – in annual reports of implementing agencies, FONAREDD and CAFI	Summary per country, based on annual reports	CAFI Sec.[6]
Risk alerts	Ad hoc (Scheduled & ad-hoc calls)	Executive Board during monthly calls or dedicated calls, donors during bi-monthly calls or dedicated calls	Ad hoc alerts when a risk materialize. Request for discussion may originate from CAFI Secretariat or any donor/member/observer	All parties

2. *Information sharing*

Information sharing will respect standards operating procedures on information sharing of each implementing organization and of UNDP for the FONAREDD and CAFI Secretariat. Principles of confidentiality are guided by the same, with categories of information not available to the public including (but not limited to)[7]:

- information received from third parties under an expectation of confidentiality
- information whose disclosure is likely to endanger the safety or security of any individual
- information on internal deliberations, communications and deliberation with member states
- information which, if disclosed, would seriously undermine the policy dialogue with Member states and implementing partners

[6] As per decision EB.2018.08
[7] Excerpts from the UNDP Disclosure policy, available at https://popp.undp.org/_layouts/15/WopiFrame.aspx?sourcedoc=/UNDP_POPP_DOCUMENT_LIBRARY/Public/AC_Accountability_Making%20Information%20Available%20to%20the%20Public%20.docx&action=default

4.4 CAFI Risk Event Escalation

There cannot be a single escalation procedure to address all risks that can be encountered at the fund and/or project level (specific procedure must be identified depending on the risk nature, the event and most appropriate strategy to respond to the risk). At the program/project level, in certain cases, the legal framework imposes the notification and oversight of the Board (i.e. the second level of risk management). For example, in the case of corruption, misuse of funds and fraud, implementing organizations must inform the Board, strive to recover funds, reimburse the Trust Fund in accordance with Executive Board decisions. In the case of sexual exploitation, abuse and harassment, the Executive Board, the Administrative Agent of the Fund and the donors will be promptly notified of allegations of Sexual Exploitation and/or Sexual Abuse received/under investigation by the Recipient NUNO and share information on measures taken (Section IX of framework agreement for participation of NUNOs)

In addition to the legal reporting obligations of implementing organizations, the Executive Board can also be notified via the CAFI complaints management procedure, through the Secretariat or informally based on contacts and networks.

The Executive Board has several tools to respond to a risk event:

It can request clarification from the implementing organization during an Executive Board meeting, call or on an ad hoc basis (suggested for all risks if information in programme semi-annual reports is deemed insufficient or incomplete by the Executive Board). If clarification is not deemed sufficient and/or for medium and high risks case, the EB can (and/or):

- address a formal letter raising concerns (correspondence can be confidential as per CAFI Public Disclosure Policy) make an EB decision to express its concern (decisions are public according to the CAFI Public Disclosure Policy) launch an investigation into the claim/allegation
- make an EB decision to suspend the funding (or delay the disbursement of a next tranche or an annual payment)
- make an EB decision to terminate the program/project and claim back funding already disbursed

Risk events are consolidated and summarized in the bi-annual revision of the risk management dashboard and in the annual reports. The annual report also contains information about the quality of the reporting of the implementing organizations

4.5 Cost policy

Potential sources of costs associated with the implementation of the strategy include:

- Development of tools and guidance
- Capacity building /additional safeguards
- Risks mitigation measures implementation
- Risk monitoring
- External reviews/assessments

<u>Cost bearers:</u> each IO bears the costs of identifying, monitoring and mitigating the risks associated with their programmes, as per their own policies and procedures. The CAFI Secretariat bears the costs

of risk monitoring risks and alerts the Executive Board when its action is needed. Specific costs associated with a particular mitigation action may be added to the Secretariat budget when they exceed its budget and capacity.

Moreover, the implementation of the Risk Management strategy provides an opportunity for risk management related capacity building of all actors involved. Capacity building may occur through tailored risk management support to recipient entities, as requested by the entities themselves, or mandated/requested by the CAFI as a condition for funding, upon guidance from the Executive Board. To be further defined are the process and criteria for technical assistance on risk management and the sources of technical assistance if any.

5 RISK MANAGEMENT FRAMEWORK AT THE FUND LEVEL

The CAFI Risk Management Framework (RMF) is composed of both a template (called risks management dashboard) and guidelines (described below) used to identify, prevent and/or mitigate risks. There are four components that constitutes CAFI RMF which are all reported in the **risk management dashboard**:

- Risk identification
- Measurements & assessment
- Avoidance/Mitigation/prevention
- Monitoring

CAFI risk management dashboard is CAFI's tool to assess and monitor risks at the fund level and identify relevant prevention and mitigation actions. Its template is as follows

Risk description	Type	Risk Drivers (basis to assess likelihood)	Risk Outcomes (Basis to assess impact)	Risk treatment: Mitigation and/or adaptation measures	Monitoring approach	Owners (primary owner is bolded)	Risk score (likelihood X impact)	Assessment of evolution of risk	Comments (if country specific, etc.)
Risk 1	…	…	…	…	….	…	…	..	
Risk 2									

A registered risk in the dashboard does not mean that the risk has been managed – the framework is intended to be regularly reviewed and updated with genuine linkage to fund and facility management processes and decisions, rather than a static exercise. As such appraisal of the present risks and inclusion of new and emerging risks must be ongoing.

5.1 IDENTIFYING RISKS: DESCRIPTION AND TYPE

In order to address the issues of diverging language and definitions in regards to risk management, the UNDG Risk Management framework is based on the definitions and structures of the OECD/DAC International Network for Conflict and Fragility (INCAF). Conflict-affected countries are considered high-risk and complex environments, characterized by high levels of insecurity, political instability and social turmoil. While development partners may have different risk categories, the Copenhagen Circles (figure 1) defined by the OECD DAC is an internationally recognized method to categorize risk.

From the perspective of aid management, risks can be grouped into three overlapping categories, referred to as the 'Copenhagen Circles' (figure 1) (OECD,2014)

- **Contextual risk** refers to the range of potential adverse outcomes that may arise in a particular context, such as the risk of political destabilisation, a return to violent conflict, economic deterioration, natural disaster, humanitarian crisis or cross-border tensions. Development agencies have only a limited influence on contextual risk in the short-term, but they seek to support interventions that create conditions for reduced contextual risk in the long-term, for example by promoting state building and peacebuilding processes, strengthening disaster risk management and promoting economic reforms that increase resilience in the face of shocks.
- **Programmatic risk** relates to the risk that donor interventions do not achieve their objectives or cause inadvertent harm by, for example, exacerbating social tensions, undermining state capacity and damaging the environment. Programmatic risks relate to weaknesses in programme design and implementation, failures in donor coordination, and dysfunctional relationships between development agencies and their implementing partners.
- **Institutional risk** refers to the range of potential consequences of intervention for the implementing organisation and its staff. These include management failures and fiduciary losses, exposure of staff to security risks, and reputational and political damage to the donor agency. Current risk management practices are predominantly focused on institutional risk reduction. risk, etc.

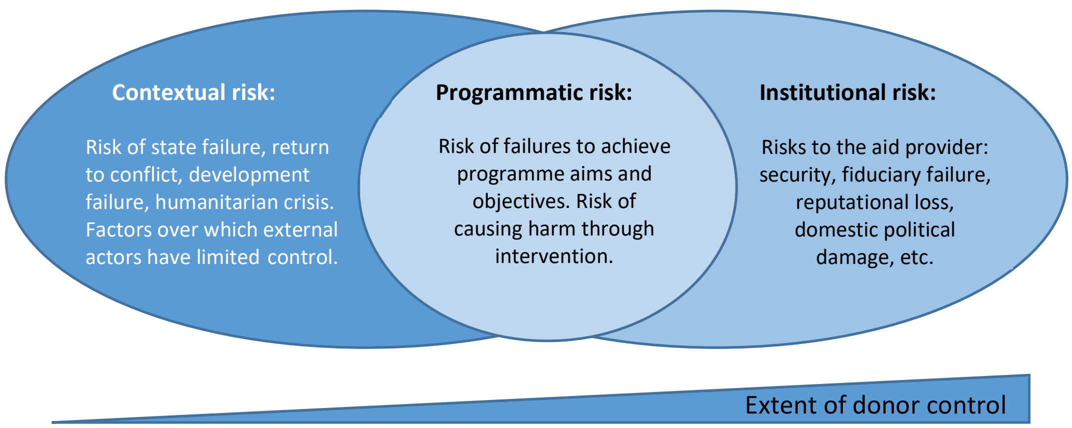

Figure 1. Copenhagen Circle for Risk Management (OECD,2011)

The Copenhagen Circles help to specify different categories of risk, but also draw attention to connections between risk categories. One category of risk may affect another. For example, the outbreak of conflict is above all a contextual risk outcome, but also heightens programmatic and institutional risks by limiting access to conflict zones and affecting staff security (OECD, 2014)

In annexe 1 are presented the list of most relevant risks for CAFI. The annexes are evolving and can be updated through time in accordance with context and lessons learned from CAFI and to include emerging risks All risk registered in the list should be reviewed and updated as regularly as required, but no less than once a year.

5.2 Risk Measurement and Assessment

Risk is commonly understood as the potential for a defined adverse event or result to occur. It is typically measured against two dimensions: the probability of the risk occurring, and the severity of the outcome. It is also useful to distinguish between risk factors, which affect the probability and severity of risks, and risk outcomes, which describe what happens if the risk occurs.

Risks are rated in terms of likelihood and impacts or consequences on a scale of 1-5. The approach used to measure risk is presented below :

Likelihood

Likelihood	Occurrence	Frequency
Very Likely	The event **is expected** to occur in most circumstances	Every month
Likely	The event **will probably** occur in most circumstances	Once every two months or more frequently
Possible	The event **might** occur at some time	Once a year or more frequently
Unlikely	The event **could** occur at some time	Once every three years or more frequently
Rare	The event **may** occur in exceptional circumstances	Once every seven years or more frequently

Consequence/Impact

Consequence	Result
Extreme	An event leading to **massive** or **irreparable** damage or disruption
Major	An event leading to **critical** damage or disruption
Moderate	An event leading to **serious** damage or disruption
Minor	An event leading to **some degree** of damage or disruption
Insignificant	An event leading to **limited** damage or disruption

Risk Matrix for measurement

	Consequences				
Likelihood	Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Extreme (5)
Very Likely (5)	Medium (5)	High (10)	High (15)	Very High (20)	Very High (25)
Likely (4)	Medium (4)	Medium (8)	High (12)	High (16)	Very High (20)
Possible (3)	Low (3)	Medium (6)	High (9)	High (12)	High (15)
Unlikely (2)	Low (2)	Low (4)	Medium (6)	Medium (8)	High (10)
Rare (1)	Low (1)	Low (2)	Medium (3)	Medium (4)	Medium (5)

5.3 Risk Treatment: Avoidance / Mitigation / prevention & Monitoring

Risks mitigation/prevention measures as well of means to monitor risks are risks specific and identified in the risk dashboard on a case-by-case basis but the general rules described below need to be observed and apply to each relevant risks identified in annex 1 (*nb.* the list is evolving and can be revised as regularly as required to include emerging risks or other risks relevant to CAFI initiative new development).

The rating from "Low" to "Very High" determines the level of monitoring for each of the identified risks to be applied and response actions (see *Table below*) to be taken as well as the level of staff and leadership involvement if the risks occur. The actions may include regular monitoring, establishment of control measures and structures or even investigations if the risks materialize.

Risk Levels	**Low**	**Medium**	**High**	**Very High**
Actions	Management attention required. Mitigation / Prevention activities/treatment options are recommended. monitoring strategy recommended.	Senior management attention required. Mitigation / prevention activities/treatment options are undertaken Monitoring strategy to be implemented	Immediate action required by senior/executive management. Mitigation / prevention activities/treatment options are mandatory Monitoring strategy to be implemented	Immediate action required by executive management. Mitigation / prevention activities/treatment options are mandatory. **Risk cannot be accepted unless this occurs.** .

For each risk, prevention and mitigation measures are then identified in the dashboard.

The treatment measures include but not limited to the following:

- Robust institutional arrangements to prevent fraudulent actions and ensure due diligence incorporated in allocation procedures
- Zero tolerance policies and conflict and gender sensitive approaches institutionalized
- Foresight analysis, monitoring, advocacy, coordination and communication
- Knowledge management documenting and sharing lessons learned and best practices
- Specific programming designed to tackle or contribute to addressing the drivers of the risks, such as external risks.

Risk Appetite

A pooled fund, by nature, is a risk sharing mechanism, enabling stakeholders to take on more risk together than each individual stakeholder could take on alone. By its nature, the CAFI stakeholders accept the risks of targeting high risk environments. The CAFI supports programmes in some of the most fragile countries where the security, economic or political climates, lack of capacity. Furthermore, the fund has a complex theory of change covering several sectors with the possibility of rebound effects (i.e. if not implemented right, program interventions can have the exact opposite effect such as increased deforestation as opposed to the originally intended reduced deforestation).

The risk ranking matrix developed by the Fund Secretariat and reviewed by the EB, captures the hierarchy of risk at different levels. Based on the risk dashboard, CAFI EB can decide which risks to accept and which ones to avoid if the risks are deemed too high for the Fund.

ANNEX 1: RISK DESCRIPTION LISTING

Contextual (partner country)

Contextual risk *refers to the range of potential adverse outcomes that may arise in a particular context, such as the risk of political destabilisation, a return to violent conflict, economic deterioration, natural disaster, humanitarian crisis or cross-border tensions. Development agencies have only a limited influence on contextual risk in the short-term, but they seek to support interventions that create conditions for reduced contextual risk in the long-term, for example by promoting state building and peacebuilding processes, strengthening disaster risk management and promoting economic reforms that increase resilience in the face of shocks (OECD, 2014)*

Risk	Type
Environmental changes/shocks (climate change, epidemics, etc.)	Safety and security
Armed conflicts & control loss over territory	Safety and security
Economics changes - national markets: inflation/shortage of basics commodities including food & gas	Economic
Economics changes/shocks – international markets (international market price change for hydrocarbon & mining products & agro-industrial etc. affecting opportunity costs)	Economic
Fluctuations in exchanges rates	Financial
Political instability / administrative turnover in government	Political
Ineffective resources transfer to administrative staff (equipment, salaries, etc.)	Financial
No unified country vision	Political
Lack of public accountability and limited reform commitment	Political
Change in country's vision (resulting in reduced or lack of alignment with CAFI TOC)	Political
Lack of/unclear targets/indicators of National Development Plan & Investment Framework	Political
Inadequate/Inefficient resources allocation (incl. domestic finance) to achieve country national development plan objective	Financial
Unaligned external incentives	Political
Conflicts of competences (due to unclear roles & responsibilities between governmental institutions at central & local level)	Political
Breach of political commitments (international commitments including LOIs)	Political
Abuse of influence/ corruption	Political / Financial
Degradation of bilateral relationship between the partner country and a donor country	Political

Institutional (CAFI & IO)

Institutional risk *refers to the range of potential consequences of intervention for the implementing organisation and its staff. These include management failures and fiduciary losses, exposure of staff to security risks, and reputational and political damage to the donor agency.*

Risk	Type
Countries' vision and CAFI theory of change not harmonized	Political
Fund allocation not aligned to strategic objectives and/or poorly prioritised fund allocations	Political
Lack of synergies / coordination between CAFI & others funds / bilateral aids supported by CAFI EB donors	Resources
Inability to monitor and verify development outcomes	Resources
Mismatch in roles and responsibilities of fund governance organs	Resources
Lack of adhesion to CAFI programming priorities by non-governmental stakeholders	Social
Unclear/Tedious processes leading to inefficient operations of CAFI Sec & AA (delays in fund transfer, in recruitments, changes of procedures affecting programs implementation, costs, etc.)	Resources
Discrepancies between CAFI secretariat's capacities & growing expectations (linked to funds expansion / growing number of EB donors & partners countries)	Resources
Turnover EB Member & CAFI Sec. staff	Resources
Lack of sustainability of CAFI financing (commitments vs disbursement)	Resources
Abuse of influence/ corruption	Political / Financial

Programmatic (joint)

***Programmatic risk** relates to the risk that donor interventions do not achieve their objectives or cause inadvertent harm by, for example, exacerbating social tensions, undermining state capacity and damaging the environment. Programmatic risks relate to weaknesses in programme design and implementation, failures in donor coordination, and dysfunctional relationships between development agencies and their implementing partners.*

Risk	Type
Lack of efficiency of CAFI-Countries partnerships bodies	Resources
Poor communication and coordination amongst fund stakeholders (eg countries and secretariat) and other actors	Resources
Poorly designed fund interventions (eg geographic bias)	Political
Poor understanding of CAFI requirements/expectations & inadequate resources allocated to program development by IO	Resources
Insufficient implication/participation of national stakeholders to program development & implementation	Resources
Inadequate funding to a program or inadequate budget structure	Resources
Inefficient operation management of IO and program coordination units	Resources
Weak capacity in implementing organisations and Government	Resources
Inefficient coordination between implementing institution including defiance between gvt & agencies	Resources
Poor reporting including on CAFI M&E indicators	Resources
Lack of national appropriation of results	Political and resources
Abuse of influence/corruption	Political and financial
Sexual harassment and abuse of authority	Social
Security issue (leading to program halt – delays)	Safety & Security
No permanence of results and adverse effects observe at the closure of the program (rebound effect in agriculture on forest, cessation of maintenance, incapacities of beneficiaries to continue operation without ODA support, etc.)	Resources