Simplified Approval Process
Annex 7: Risk assessment and management

GREEN
CLIMATE
FUND

RISK ASSESSMENT AND MANAGEMENT

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

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.

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

Selected Risk Factor 1

Category	Probability	Impact
Technical and operational	High	Medium

Description

Please describe the risk to the best of your knowledge at this point in time.

Limited Technical Capacity for Implementing Climate-Smart Technologies

One of the major technical risks facing the CATLER-Uganda project is the limited availability of skilled personnel to install, operate, and maintain climate adaptation technologies such as solar-powered irrigation systems, rainwater harvesting infrastructure, and FMNR initiatives. The adoption of these technologies requires specialized expertise in fields such as solar engineering, water management, agroforestry, and climate-smart agriculture, yet there is a shortage of trained professionals and technicians in Eastern Uganda. This limitation could lead to delays in implementation, suboptimal use of technology, and eventual failure of key project interventions due to poor maintenance and lack of technical support.

Mitigation Measure(s)

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?

To mitigate this risk, the project must prioritize comprehensive capacity-building initiatives aimed at equipping local extension officers, technicians, and community members with the necessary skills to operate and maintain the installed technologies. A targeted training program should be developed in collaboration with vocational institutions and universities, offering certification courses in renewable energy solutions, sustainable water management, and agroforestry techniques. Training-of-trainers (ToT) programs should also be initiated to build a pool of master trainers within the communities, who can in turn train other members, ensuring long-term knowledge retention.

Additionally, regional technical service hubs should be established in key project districts such as Mbale, Soroti, and Tororo. These hubs would serve as decentralized support centers where community members can access technical assistance, spare parts, and periodic refresher training on climate adaptation technologies. Partnerships with private sector companies specializing in solar energy and agricultural technology should also be fostered to provide ongoing technical support and ensure that expertise is available throughout the project lifespan and beyond.

Selected Risk Factor 2

Category	Probability	Impact
Technical and operational	Medium	Medium

Description

Please describe the risk to the best of your knowledge at this point in time.

Poor Infrastructure and Logistics for Technology Distribution

Another significant operational risk is the inadequacy of infrastructure and logistical frameworks necessary to facilitate the efficient distribution of climate-smart technologies and project inputs. The implementation of solar irrigation systems, sustainable land management interventions, and improved seed varieties depends on timely access to the required materials. However, Eastern Uganda's rural transport networks are poorly developed, with many roads becoming

impassable during the rainy season due to flooding and erosion. This poses a risk of delays in procurement and delivery of essential project materials, potentially causing interruptions in project activities and increased costs due to supply chain inefficiencies.

Mitigation Measure(s)

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?

To address this challenge, the project will establish decentralized supply and storage facilities at strategically selected locations within the intervention areas. These facilities would act as regional depots for key materials such as solar panels, irrigation equipment, and climate-resilient seeds, reducing the reliance on long-distance transportation and ensuring that necessary inputs are readily available for local farmers and implementing partners. By decentralizing supply chains, the project can prevent delays caused by poor road networks and logistical disruptions.

Moreover, strengthening partnerships with supply chain actors such as agricultural cooperatives, private sector distributors, and logistics companies will be essential in streamlining the movement of materials. These partnerships should include formal agreements with suppliers to ensure priority access to climate adaptation technologies, avoiding competition with other market demands that could cause delays. Additionally, where feasible, project financing should include budget allocations for infrastructure improvements, such as rehabilitating access roads in key farming areas, in collaboration with local governments and development partners. Ensuring that transportation routes remain functional throughout the project duration will significantly enhance the efficiency and timeliness of technology deployment.

Selected Risk Factor 3

Category	Probability	Impact
Technical and operational	Medium	Medium

Description

Please describe the risk to the best of your knowledge at this point in time.

Adoption Challenges Due to Cultural and Behavioral Barriers

Even with the availability of climate adaptation technologies, there remains a risk that communities in Eastern Uganda may resist adopting these interventions due to deeply ingrained traditional farming practices and skepticism about the benefits of new approaches. Many rural farmers rely on generational knowledge and may be hesitant to transition to techniques such as solar-powered irrigation, agroforestry, or conservation agriculture, particularly if they perceive these interventions as requiring drastic changes to their established methods. Additionally, cultural resistance may arise from a lack of understanding of how the technologies function, leading to mistrust and reluctance to participate in project activities.

Mitigation Measure(s)

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?

To overcome these barriers, the project must implement a multi-faceted community engagement strategy that emphasizes participatory approaches and local ownership of climate adaptation technologies. Establishing demonstration centres, equipped with the technologies, within target communities will be a crucial step in showing the tangible benefits of climate-smart agriculture and renewable energy systems. These pilot farms, managed by early adopters within the community, will provide hands-on experience for other farmers, allowing them to see the effectiveness of these technologies in real time before committing to adopting them on their own farms. Additionally, the project should integrate indigenous knowledge systems into the design and implementation of interventions. By working closely with local elders, farmer cooperatives, and community leaders, project implementers can identify ways to align modern climate adaptation techniques with traditional agricultural practices. This approach will make the interventions more culturally acceptable and increase the likelihood of adoption.

Furthermore, targeted behavior change communication (BCC) strategies should be deployed using various outreach channels such as radio broadcasts, community meetings, and farmer field schools. Radio programs, in particular, can be highly effective in rural Uganda, where radio remains the most accessible source of information for many households.

These programs should include testimonies from early adopters of the technologies, allowing community members to hear firsthand success stories from their peers. Integrating visual materials such as posters and short videos into training sessions will also enhance understanding, particularly for populations with low literacy levels.

Selected Risk Factor 4

Category	Probability	Impact
Governance	Low	Medium

Description

Please describe the risk to the best of your knowledge at this point in time.

Weak Institutional Coordination and Fragmented Policy Implementation

One of the critical governance risks associated with the CATLER-Uganda project is the challenge of weak institutional coordination and fragmented policy implementation among government agencies, local authorities, and key stakeholders. Climate adaptation initiatives require strong collaboration across multiple ministries and other government agencies, including the Ministry of Water and Environment (MWE), the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF), the National Forestry Authority (NFA), the Ministry of Energy and Mineral Development (MEMD), the Science, Technology, and Innovation Secretariat (STI), the National Environment Management Authority (NEMA), and local governments. However, past experiences with multi-sectoral projects in Uganda indicate that government entities often operate in silos, leading to inefficient decision-making, duplication of efforts, and delays in policy implementation.

This risk is further amplified by the decentralization structure in Uganda, where local governments play a crucial role in implementing national policies. Many districts lack technical expertise, financial resources, and enforcement capacity, making it difficult to translate national climate policies into actionable programs at the community level. If these challenges are not addressed, the project could face delays, inconsistent policy enforcement, and poor stakeholder coordination, ultimately reducing its effectiveness in enhancing climate resilience.

Mitigation Measure(s)

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?

To mitigate the governance risk of weak institutional coordination and fragmented policy implementation, the Project Steering Committee (PSC) will be leveraged as the central coordination body to ensure inter-agency alignment and streamlined decision-making. The PSC will establish a clear institutional framework defining the roles and responsibilities of key pertinent government ministries, agencies, and district governments. This will prevent jurisdictional conflicts, enhance accountability, and promote efficient policy enforcement. Regular high-level inter-ministerial meetings will be held under the PSC's mandate, creating a platform for dialogue, resolving institutional bottlenecks, and ensuring that project activities are aligned with Uganda's national climate adaptation policies and development strategies.

To strengthen district-level governance and policy integration, the PSC will work closely with local governments to ensure that climate adaptation measures are effectively implemented at the community level. District representatives i.e., the Chief Administrative Officers (CAOs) and Resident District Commissioners will be included in the PSC and will be required to report on progress, challenges, and emerging needs within their jurisdictions, ensuring that national policies translate into meaningful action on the ground. Additionally, the PSC will integrate multi-sectoral planning into its mandate by aligning CATLER-Uganda's activities with existing government programs, including Uganda's National Development Plans and Nationally Determined Contributions (NDCs). This harmonized approach will prevent duplication of efforts, optimize resource use, and foster greater synergy between climate adaptation initiatives.

To enhance monitoring, transparency, and dispute resolution, the PSC will oversee the implementation of a centralized monitoring and reporting framework that requires each participating agency to submit periodic progress reports. This mechanism will ensure accountability, track implementation progress, and allow for data-driven decision-making. Furthermore, a designated dispute resolution subcommittee will be embedded within the PSC to mediate conflicts arising from resource allocation, jurisdictional overlaps, or policy differences, preventing administrative delays that could derail project implementation. Through these targeted governance interventions, the PSC will play a crucial role in fostering institutional collaboration, ensuring policy coherence, and enhancing the overall effectiveness and sustainability of the CATLER-Uganda project, significantly lowering the coordination and governance risk.

Selected Risk Factor 5		
Category	Probability	Impact
Legal	Medium	Medium

Description

Please describe the risk to the best of your knowledge at this point in time.

Land Tenure Insecurity and Regulatory Challenges in Eastern Uganda

One of the most significant legal risks facing the CATLER-Uganda project is land tenure insecurity and regulatory ambiguities affecting land and natural resource management in Eastern Uganda. Land tenure in the region is governed by a mix of customary, leasehold, and freehold systems, with many rural households lacking formal land titles or secure land tenure rights. The majority of land in Eastern Uganda is held under customary tenure, particularly in the Teso, Bugisu, and Bukedi sub-regions, where land is communally managed or passed down through generations without official registration. This creates a legal challenge for interventions such as FMNR, water resources management, and sustainable land management, as disputes over ownership and land use rights could delay project implementation or lead to resistance from local communities. Additionally, Eastern Uganda has experienced historical land conflicts, particularly in Mt. Elgon's forested landscapes, where conservation efforts have at times resulted in forced evictions of indigenous Benet communities due to unclear land boundaries and government resettlement policies. If not properly addressed, these tenure challenges could lead to legal disputes between the project, government agencies, and affected communities, undermining long-term sustainability.

A second legal risk stems from regulatory complexities in Uganda's environmental and land-use laws, particularly regarding forest conservation, wetland management, and agricultural land conversion. The enforcement of Uganda's National Environment Act (2019) and the National Forestry and Tree Planting Act (2003) has been inconsistent, particularly in regions like Mbale, Bududa, and Butaleja, where encroachment into forest reserves and wetlands for agriculture continues despite legal prohibitions. The project's initiatives to restore degraded lands and promote sustainable agricultural practices may require land-use approvals, environmental impact assessments (EIAs), and wetland restoration permits, which are subject to bureaucratic delays and overlapping mandates between agencies such as the National Environment Management Authority (NEMA), the Uganda Land Commission, and district land boards. Without clear regulatory pathways and expedited approvals, project activities could face delays or legal barriers in obtaining the necessary permits, affecting timelines and funding disbursement.

Mitigation Measure(s)

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?

To address land tenure risks, the project can implement participatory land tenure mapping and community-led land-use planning in collaboration with district land boards, traditional leaders, and the Ministry of Lands, Housing, and Urban Development (MLHUD). This process would involve identifying and documenting customary land ownership patterns, ensuring that project activities are implemented with full consent and cooperation of local landowners. Additionally, for areas targeted for agroforestry and reforestation, the project would facilitate land-use agreements between community members and implementing agencies, ensuring that tenure rights are recognized and protected under Uganda's Land Act (1998). In regions such as Teso and Bugisu, where land disputes are common, the project can establish land conflict resolution mechanisms, working with customary leaders, mediation committees, and district officials to resolve disputes before they escalate into legal battles that could delay implementation.

To navigate regulatory challenges, the project will leverage the Project Steering Committee (PSC) as a legal compliance oversight body, ensuring that all activities align with national environmental and land-use policies. The PSC will work closely with NEMA, the National Forestry Authority (NFA), and district governments to streamline the approval of environmental impact assessments (EIAs) and wetland restoration permits. A dedicated legal advisory team within the project will monitor changes in environmental laws and regulatory requirements, ensuring that project activities remain compliant and fast-tracking approval processes for land-based interventions. Additionally, the project will engage in policy advocacy efforts to push for clearer regulatory frameworks for climate adaptation projects, ensuring that national policies support community-based reforestation and agroforestry initiatives without unnecessary legal obstacles.

Finally, to mitigate disputes over resource access and conservation regulations, the project will integrate Alternative Dispute Resolution (ADR) mechanisms, including customary mediation and local arbitration, into its governance structure. This approach has been successfully used in Eastern Uganda, where customary elders play a significant role in land conflict resolution. The project will establish a Land and Resource Mediation Committee at the district level, composed of government officials, local leaders, and project representatives, to handle grievances related to land use, conservation restrictions, and community participation in restoration efforts. By embedding conflict resolution mechanisms within project governance, CATLER-Uganda will ensure that land tenure security, regulatory compliance, and legal safeguards are upheld, preventing legal disputes that could threaten project success and long-term sustainability.

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

Category	Probability**	Impact***
ML/TF	Low	MEDIUM (5.1-20% OF PROJECT VALUE)
Sanctions	Low	LOW (<5% OF PROJECT VALUE)
Select	Select	SELECT
Select	Select	SELECT

*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 assessement. 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.

Money Laundering/Terrorist Financing

One of the key financial integrity risks associated with the CATLER-Uganda project is the potential diversion of funds, particularly through money laundering schemes that could exploit weaknesses in financial oversight. Given that the project will channel significant amounts of concessional financing and grants through government agencies, local financial institutions, microfinance entities, and cooperatives, there is a risk that illicit actors could manipulate fund flows for non-project-related activities. This could include inflated procurement contracts, fraudulent service providers, or the misallocation of resources to politically connected entities under the guise of project implementation. Additionally, since the project will establish a revolving fund and concessional loan schemes for smallholder farmers and climate technology adopters, weak financial controls at the local level could enable misreporting, fund siphoning, or unauthorized redirection of funds. If funds are funneled into unrelated business activities or shell companies with no real project involvement, it could undermine the project's financial integrity and result in legal or reputational consequences. The presence of cash-based transactions in rural areas, where banking infrastructure is weak, further increases the risk of untraceable financial flows, making it difficult to monitor whether funds are being used as intended. Moreover, if politically exposed persons (PEPs) or corrupt local officials gain undue influence over project finances, they could divert funds for personal gain, election financing, or patronage networks rather than climate adaptation interventions. Such financial misconduct could jeopardize donor confidence, trigger regulatory scrutiny, and compromise the overall impact of the project, reducing the effectiveness of climate finance investments in Eastern Uganda.

Controls and Mitigation Measures:

To mitigate the risk of money laundering and fund diversion, the CATLER-Uganda project will enforce strict financial due diligence and Know Your Customer (KYC) protocols for all beneficiaries, implementing partners, and financial intermediaries. Any entity or individual receiving project funds—whether through concessional financing, revolving funds, or procurement contracts—will be required to provide verified business registration documents, tax identification numbers (TINs), and audited financial statements to ensure transparency. Enhanced due diligence (EDD) will be conducted for politically exposed persons (PEPs) and organizations flagged as high risk, including those with limited financial reporting histories. To further prevent illicit financial flows, all project disbursements will be processed through

regulated commercial banks and microfinance institutions, eliminating the risks associated with cash-based transactions in rural areas. Additionally, the project will integrate real-time transaction monitoring through a centralized financial management system, which will flag suspicious activities such as unexplained large withdrawals, frequent high-value transactions, or fund transfers to non-registered third parties. Any anomalies detected will trigger immediate financial scrutiny and corrective action, preventing unauthorized redirection of project resources.

To reinforce financial integrity, independent quarterly audits and forensic financial reviews will be conducted, ensuring all transactions comply with Uganda's Financial Intelligence Authority (FIA) regulations and international AML/CFT standards. A whistleblower reporting mechanism, managed by an independent oversight body, will be established to allow project staff, financial officers, and community stakeholders to report suspected fund mismanagement confidentially. This will be complemented by strict procurement oversight, requiring all service providers and contractors to undergo competitive open tendering processes, reducing the risk of inflated pricing, contract favoritism, or fraudulent suppliers accessing project funds. Finally, continuous capacity-building programs on AML compliance will be rolled out for implementing partners, financial institutions, and revolving fund managers, equipping them with the skills to detect, report, and prevent financial misconduct. By integrating these multi-layered financial safeguards, CATLER-Uganda will ensure transparency, protect donor funds, and maintain the project's credibility while delivering climate adaptation solutions in Eastern Uganda.

Sanctions

Uganda, including the AE,s is not sanctioned by any sanctioning authorities.

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.

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.

Political Instability and Governance Disruptions

Political instability, particularly in the lead-up to and aftermath of Uganda's 2026 general elections, could disrupt project activities by delaying government approvals, shifting national priorities, and affecting stakeholder engagement. Changes in local and national leadership may alter commitments to climate adaptation initiatives, potentially leading to funding reallocations or policy reversals. Additionally, political unrest or governance challenges at the district level could affect community mobilization, land tenure processes, and coordination with implementing agencies, slowing the execution of key interventions.

Policy Changes and Regulatory Uncertainty

Uganda's evolving land, environmental, and energy policies could create regulatory hurdles that impact the project's scope and implementation timeline. Changes in land tenure laws may introduce new procedures for securing land for agroforestry and reforestation, potentially leading to delays in securing community buy-in. Shifting environmental regulations, such as stricter wetland conservation policies or taxation on imported climate technologies, could increase project costs or require adjustments in planned activities. Uncertainty in Uganda's climate finance policies could also affect the availability of co-financing opportunities, impacting long-term project sustainability.

Rapid Technological Advancements and Adoption Barriers

The fast-evolving nature of climate-smart technologies may pose a risk if project-supported solutions become obsolete or less efficient compared to newer innovations emerging during implementation. For example, improvements in solar irrigation, water conservation techniques, or agroforestry models may outpace the technologies introduced in the project, reducing their long-term competitiveness. Additionally, low digital

literacy and resistance to new technologies among rural farmers could hinder uptake, leading to slower adoption rates and reduced project impact on agricultural resilience and water management.