Somalia Humanitarian Fund (SHF)

Risk Analysis and Mitigation Matrix

5 April 2019

Risk [1] (From most to least critical[2])	Mitigation strategy	Timeframe	Risk owners	Consequence X Likelihood = Level
Risk 24: **Threats / Hazards to safety and security of humanitarian workers**	**Reduce Risk** Close monitoring of security situation through UNOCHA LSA and engagement of UNDSS before deployment decision is made. Periodic location risk analysis and mapping (OCHA/HCT access task force)	Ongoing	• Humanitarian Coordinator • OCHA HoO	5 x 5 = **25**
Risk 9: **Theft or diversion of goods**	**Reduce Risk** Improvement of SHF Accountability Framework, implementation of risk-based funding tranches to partners and closer cooperation with RMU, OIOS and UN agencies will mitigate the risk. Quarterly information sessions with implementing partners focusing on mitigation measures, reporting obligations etc.	Ongoing	• OCHA HoO • OCHA HFU • Implementing Partners	4 x 5 = **20**
Risk 12: **OCHA Managing Agent function**	**Reduce Risk** SHF Accountability Framework, CBPF Operational Handbook and SHF Operational Manual provide a strong framework for the mitigation of risks and strengthened accountability. Implementation, communication and dissemination builds confidence and leads to managed 'risk appetite'. Clarification and streamlining of operating processes involving other parts of the UN Secretariat. Consolidation of Administrative Agent function (currently MPTFO) under OCHA.	Continuous	• Managing Agent • ASB • OCHA CBPFS section • OCHA HFU • Office of Programme, Planning, Budget and Accounts (OPPBA) • OCHA USG / ASG / Director HFRMB	4 x 5 = **20**
Risk 18: **Engagement and participation of humanitarian partners in humanitarian coordination structures**	**Reduce Risk** All stakeholders will continuously be encouraged to support and participate in the coordination structures. 1. Partners who are in the Humanitarian Response Plan have to actively participate in the cluster coordination system to be eligible for SHF funding	Ongoing	• Humanitarian Coordinator • OCHA HoO • Cluster coordinators	4 x 4 = **16**

[1] Annex 1: Risk identification for SHF as per risk categorization (strategic, governance, financial, internal, coordination or hazard)
[2] Risk Level analysis is based on a combination of risk likelihood/probability criteria and risk rating by consequence and likelihood.

Risk [1] (From most to least critical[2])	Mitigation strategy	Timeframe	Risk owners	Consequence X Likelihood = Level
	2. SHF Partners are vetted through the cluster coordination system in the Cluster Review Committees Clusters will be increasingly included in the allocation and monitoring process. Roles and responsibilities of stakeholders are addressed in the SHF Operational Manual.			
Risk 8: **Fraud / Corruption**	**Reduce Risk** Implementation and continuous development of the SHF Accountability Framework, closer cooperation on sharing information and adapting common practices with RMU, OIOS and UN agencies will mitigate the risk. Quarterly information sessions with implementing partners focusing on mitigation measures, reporting obligations etc. Escalation of cases of suspected fraud as per OCHA SOPs on fraud management.	Continuous	• Implementing Partners • OCHA HFU • UN Risk Management System (UN Agencies operating in Somalia)	5 x 3 = **15**
Risk 14: **Accountability**	**Reduce Risk** Ensure adequate funds and human resources are committed for the continuous development and functioning of the SHF Accountability Framework Partner Capacity Assessment, Audit, TPM and Remote Call Center contracts in place. Physical presence and access of SHF monitoring/finance staff and OCHA staff inside Somalia.	Annually (cost-planning)	• OCHA HoO • OCHA Somalia Administration • Fund Manager • OCHA CBPFS • OCHA ASB/OSU	5 x 3 = **15**
Risk 4: **Timeliness and predictability of donor contributions**	**Transfer Risk** Engage SHF donors in consultations on better planning for contributions and swift follow-up on pledges. Promote multi-year commitments, supported by analysis.	Continuous	• ERC • Humanitarian Coordinator • Donors • OCHA HoO • OCHAS	3 x 5 = **15**
Risk 25: **Mobility restrictions due to insecurity**	**Accept Risk/ Reduce Risk** Situation to be reviewed on a case by case basis to safeguard staff security. Effect of risk on accountability will be mitigated by ensuring use of remote monitoring tools.	Ongoing	• Implementing Partners • UNDSS • OCHA HoO • Fund Manger • Vendors conducting third party monitoring	3 x 5 = **15**

Risk [1] (From most to least critical[2])	Mitigation strategy	Timeframe	Risk owners	Consequence X Likelihood = Level
	Third party monitoring are contracted which will increase access to insecure regions. Use of remote monitoring tools (call centre).		and remote call monitoring	
Risk 26: **Propensity to natural disasters**	**Accept Risk/ Reduce Risk** Risk will have to be accepted as the SHF cannot influence the risk. However, better contingency planning and use of seasonality approaches can mitigate the risk to some extent.	Ongoing	• Implementing Partners • Clusters • Humanitarian Coordinator • Fund Manager	3 x 5 = **15**
Risk 11: **Administrative efficiency**	**Reduce Risk/ Transfer Risk** OCHA/HFU has limited influence on the efficiency of UNPD procurement and UNDP recruitment processes. Mitigation measures include training and ensuring adequate staff cognisant of procurement guidelines; proactive planning; and pursuing concurrent and simultaneous solutions.	Ongoing	• OCHA HFU • OCHA CBPFS • OCHA ASB/OSU • UNDP Somalia	4 x 3 = **12**
Risk 21: **Lack of contingency planning**	**Reduce Risk** Contingency planning / seasonality will form an integral part of allocation strategies. Up to 25% of annual projected contributions will be kept in Reserve at the time of the First Standard Allocation.	2019	• Humanitarian Coordinator • OCHA HoO • Fund Manager	4 x 3 = **12**
Risk 23: **Resistance to humanitarian action**	**Reduce Risk** Strengthen sensitivity to resistance by engaging clusters and implementing partners in sensitizing project activities to manage and avert local opposition. Clear communication strategy on SHF activities and rationale for engagement.	Ongoing	• Implementing Partners • OCHA HFU • Public Information Unit	4 x 3 = **12**
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			•	
Risk 19: **Insufficient engagement of the HC**	**Reduce Risk** Engage HC in consultations on creating improved procedures to avoid disconnect between the HC and OCHA HFU. Engage HC through 1. regular Advisory Board Meetings	Ongoing	• Humanitarian Coordinator • OCHA HoO • Fund Manager	3 x 4 = **12**

Risk [1] (From most to least critical[2])	Mitigation strategy	Timeframe	Risk owners	Consequence X Likelihood = Level
	2. monthly updates (in person / remotely)			
Risk 2: **Poor needs analysis / assessments**	**Reduce Risk** FSNAU analysis supplemented by OCHA multi-sectoral needs assessments and individual cluster inputs.	Ongoing	• Clusters • OCHA HFU • Coordination Unit • FSNAU	3 x 3 = **9**
Risk 3: **Project implementation capacity**	**Reduce Risk** Low technical capacity and performance of partners failing to meet or exceed cluster specific standards and norms is mitigated through capacity assessments and review of performance indicators. Feedback to partners in the form of financial spot-check, monitoring, audit reports and capacity assessments creates a dialogue toward capacity development and possible solutions. OCHA HFU actively engages in strengthening the capacity of partners through trainings, one-on-one engagement and performance assessments.	Ongoing	• Implementing Partners • Clusters • OCHA HFU • Somalia NGO Consortium	3 x 3 = **9**
Risk 5: Donor fatigue	**Reduce Risk** Continuously promoting the SHF emphasising, comparative advantages, enhanced accountability and value for money.	Ongoing	• Humanitarian Coordinator • OCHA HoO • OCHA HFU • OCHA CBPFS • Implementing Partners	3 x 3 = **9**
Risk 20: **Limited information-sharing among humanitarian partners**	**Reduce Risk** Information on risk is harboured in the UNCT Risk Management Unit (RMU) database (CIMS). OCHA is actively participating in the Risk Working Group that brings together UN agencies in Somalia to promote stronger information sharing and common practices and the Multi-Partner Risk Working Group which is comprised of donors, NGOs, UN Agencies, World Bank and the NGO Consortium to informally discuss fraud and risk issues and to present common practices to the Somalia UNCT.	Ongoing	• Humanitarian Coordinator • UNCT Risk Management Unit (RMU) • Donors • Partners • UN Agencies • OCHA HFU	3 x 3 = **9**
Risk 10: **Poor financial reporting**	**Reduce Risk** Roll-out new financial reporting guidelines through trainings, clear documentation; ensure adequate	Ongoing	• OCHA HFU • OCHA CBPFS • Implementing Partners	2 x 4 = **8**

Risk [1] (From most to least critical[2])	Mitigation strategy	Timeframe	Risk owners	Consequence X Likelihood = Level
	staffing and verification of reporting though applicable financial control tools (spot-checks, sampling etc.)		•	
Risk 22: **Unfavourable OCHA reputation in country (credibility with partners, public perception)**	**Reduce Risk/ Transfer Risk** Collective commitment to strengthen OCHA's reputation in Somalia by promoting accountability and transparency through improved online presence and outreach efforts to maintain and cultivate partnerships with stakeholders. Focus on promoting realistic expectations among stakeholders which can be improved by transparent and frequent reporting on goals and achievements of the Fund. Strengthened advocacy, communications and roll-out of visibility guidelines will mitigate risk.	Ongoing	• OCHA HoO • OCHA HFU • Public Information Unit	4 x 2 = **8**
Risk 7: Seasonality of aid delivery	**Reduce Risk** Engage donors in consultations towards securing multi-year funding for the SHF to make the Fund more flexible and less vulnerable to seasonality. Ensure priority given to finding time-critical programmes	Ongoing	• Humanitarian Coordinator • Donors • SHF Advisory Board • Head of Office • Fund Manager • FSNAU	2 x 4 = **8**
Risk 15: **Financial resources to support the operation of the Fund**	**Reduce Risk** An annual projection of funds to cover the operational costs (capacity assessment, audit, monitoring etc.) is part of the HFU cost plan. Striking the balance between value-for-money, efficiency and minimum operating requirements.	2019	• OCHA HFU	4 x 2 = **8**
Risk 13: **Database infrastructure**	**Reduce Risk** Ensure dynamic adjustment of the GMS to the changing needs.	Continuous	• OCHA HoO • OCHA HFU	3 x 2 = **6**
Risk 16: **Human Resource Management**	**Transfer Risk** Ensure the efficient management of HFU, including HRM components that include stand-by surge support, agile and multi-functional team, and proactive and multi-year HFU HR planning.	Ongoing	• OCHA HoO • Fund Manager • OCHA CBPFS • OCHA OAD	3 x 2 = **6**
Risk 17: **Filing system**	**Reduce Risk** Improve common practices and standards for filing, explore options of moving to 'cloud' filing.	Ongoing	• OCHA (corp.) • OCHA HFU	2 x 3 = **6**
Risk 6:	**Reduce Risk**	Ongoing	• OCHA HFU	2 x 3

Risk [1] (From most to least critical[2])	Mitigation strategy	Timeframe	Risk owners	Consequence X Likelihood = Level
Insufficient knowledge of SHF guidelines, management procedures and administrative guidelines	Finalize and broadly disseminate SHF Operational Manual. Improve communications around SHF through better information products. Strengthen and systematize SHF-related capacity development and training efforts.		• OCHA field staff • NGO Consortium • Implementing Partners	= **6**
Risk 1: **Lack of clear strategic objectives/funding priorities of the Fund**	**Reduce Risk** Strategic Objectives of the SHF are aligned to HRP priorities. The Humanitarian Needs Overview (HNO) used in prioritization processes. The SHF Advisory Board endorses annual allocation principles.	Ongoing	• HC • SHF Advisory Board • OCHA HFU • Clusters	3 x 1 = **3**

Annex 1: Risk Identification – Somalia

Information provided by OCHA Somalia Humanitarian Financing Unit (HFU)

Risk category / drivers / risks / owners	SHF / setting
SHF objectives	• Support life-saving and life sustaining assistance to the most vulnerable groups, based on the most urgent humanitarian needs as defined in the HRP or in response to sudden onset emergency needs. • Expand the delivery of assistance in hard to reach areas by partnering with national and international NGOs. • Strengthen coordination and leadership by leveraging the cluster system thereby ensuring that humanitarian needs are addressed in a collaborative manner. • Contribute to addressing gaps in priority clusters and regions, and funding imbalances between clusters, in complementarity with other funding sources and channels and thus contribute to the overall improvement in funding coordination. • Support common services if they directly support the delivery of humanitarian aid and provide equitable access for humanitarian actors. • Strive for cost-effectiveness and ensure that all SHF-funded interventions adhere to the basic humanitarian principles of humanity, neutrality, impartiality and independence.
Risk Category A: **Strategic and programmatic risks** *Key Drivers:* **Risk 1**: Lack of clear strategic objectives/funding priorities of the Fund *Humanitarian Coordinator and HFU* **Risk 2**: Poor needs analyses / assessments *OCHA, HFU, other Stakeholders* **Risk 3**: Project Implementation Capacity *Partners, Clusters and HFU*	• **Risk 1**: Lack of clear strategic objectives/funding priorities of the Fund: The SHF has clear strategic objectives described in the SHF Operational Manual and is guided on annual priorities by the Advisory Board (*Principles guiding 2019 allocations*, endorsed in October 2018). • **Risk 2**: Poor needs analyses/assessments: Analyses and assessments are vulnerable in terms of focusing on areas/subject. The SHF standard allocations for example are based on the Food Security and Nutrition Analysis Units bi-annual reports. However, OCHA Field Officers are included in the needs analysis/assessment for allocations. • **Risk 3**: Project implementation capacity: The success of SHF funded projects can be jeopardized by low technical capacity and performance of partners failing to meet or exceed cluster specific standards and norms.
Risk Category B: **Governance and management of the Fund** *Key Drivers:* **Risk 4**: Timeliness and predictability of donor contributions *Donors, HC, OCHA* **Risk 5**: Donor Fatigue *Donors, HC, OCHA* **Risk 6**: Insufficient knowledge of SHF guidelines / management procedures and administrative rules *FCS, HFU, Managing Agent, Somalia NGO Consortium* **Risk 7**: Seasonality of aid delivery *OCHA and Humanitarian Coordinator*	• **Risk 4:** Timeliness and predictability of donor contributions: Donor contributions are in general unpredictable, at times even is pledges are made early in the year. Donors' National fiscal guidelines drive the timing of contributions, in combination with the assessment and perception of needs. This poses a challenge to the Fund in terms of planning and executing the standard allocations and in jump-starting the response to the HRP. • **Risk 5**: Donor Fatigue: Donor funding that had been fluctuating and declining since between 2011 and 2016 recorded significant increases in 2017 and was sustained in 2018. Sustain increased contributions in future. • **Risk 6**: Insufficient knowledge of guidelines / management procedures and administrative rules: SHF-funded partners are often not aware of the basic administrative rules (MoUs, guidelines and the Operational Manual); and the relationship between the Humanitarian Response Plan (HRP) and the SHF is at times equally unclear. • **Risk 7**: Seasonality of aid delivery: The cycle of two allocations per year provides predictability, but also a degree of inflexibility. The SHF reserve

Risk category / drivers / risks / owners	SHF / setting
	closes this gap to some extent but decreasing donor contributions also result in a decrease in the funds kept in the Reserve.
Risk Category C: **Financial** *Key Drivers:* **Risk 8**: Fraud/Corruption **Risk 9**: Theft or diversion of goods **Risk** 10: Poor financial reporting *Partners and Humanitarian Financing Unit*	• **Risk 8**: Fraud/Corruption: Prior to the roll-out of the SHF Accountability Framework (2013) partners were accustomed to an environment without solid monitoring, due diligence and risk management and fraudulent activities were harder to detect. While fraud continues to be a risk, it has been significantly mitigated. • **Risk 9**: Theft or diversion of goods: Theft and diversion of goods has been detected in several projects because of OIOS investigations, RMU checks and internal SHF control tools. While this this continues to be a risk, it has been significantly mitigated since the implementation of the SHF Accountability Framework. • **Risk 10**: Poor financial reporting, i.e. incorrect or inflated reporting of expenditures by partners against funds by the SHF.
Risk Category D: **Internal** *Key Drivers:* **Risk 11**: Administrative efficiency *OCHA HQ, OCHA Somalia, HFU, Fund Manager* **Risk 12**: OCHA Managing Agent function *OCHA HQ, Administrative Services Branch, Humanitarian Financing Unit* **Risk 13**: Database infrastructure: *OCHA New York, Humanitarian Financing Unit* **Risk 14**: Accountability: *Humanitarian Coordinator, Advisory Board and Humanitarian Financing Unit* **Risk 15**: Financial resources to support the operation of the fund: *HC and Humanitarian Financing Unit* **Risk 16**: Human Resource Management: *OCHA and Humanitarian Financing Unit* **Risk 17**: Filing system: *Humanitarian Financing Unit*	• **Risk 11**: Administrative efficiency: Recruitment of companies to conduct capacity assessments, audits, and monitoring managed by the SHF and the OCHA administration unit are potentially lengthy processes and need to be planned well in advance to avoid gaps between contracts. • **Risk 12**: UN Secretariat/OCHA Managing Agent function: OCHA as Managing Agent poses several risks: 1. Increased accountability responsibility (monitoring, risk management etc.) making OCHA vulnerable to "scandals" such as embezzlement, fraud and diversion of funds; 2. There are limited Standard Operating Procedures between the HFU other sections of OCHA, which at times leads to the lack of clarity in terms of 'who-does-what' and division of responsibilities and follow-up. • **Risk 13**: Database infrastructure: In 2015, SHF migrated from the local database to the OCHA global Grant Management System (GMS), with minor but manageable disruptions. Previous (locally developed) database featured very context specific functions that have by now been mostly translated in the global GMS platform. HFU also needs to ensure that data collected is coherent and continuously updated. • **Risk 14**: Accountability: Accountability to stakeholders including donors and people in need must be improved continuously. Adequate funds must be allocated to develop and maintain the Risk Management, Monitoring and Reporting and audit systems. Dedicated, qualified staff required to manage these systems. • **Risk 15**: Financial resources to support the operations of the Fund: It is imperative that funds are kept available for monitoring and reporting costs, risk management costs, and audit costs so that these costs can be adequately supported every year without interrupting activities. • **Risk 16**: Human Resource Management: Staff turn-over and long recruitment processes of staff pose a risk of long-standing vacancies and capacity gaps; by end-Q1-2019 all but two Mogadishu-based positions (NOA) have been filled. • **Risk 17**: Filing system: At present, OCHA-hosted shared drive and, to some extent, physical files are used. The shared-drive has been, until recently, hosted locally at the UNON compound and backed up on tape and regularly and stored in a safe but is now moving to the MS Share Point / One Drive. Lack of commonly agreed filing practices can potentially result in loss of information, continuity and weakened accountability.
Risk Category E: **Coordination and partnerships** *Key Drivers:*	• **Risk 18**: Engagement and participation of humanitarian partners in humanitarian coordination structures: Humanitarian partners' participation in the coordination structures such as the cluster system is vital to enable the SHF to assess the needs of vulnerable people in Somalia. Clusters'

Risk category / drivers / risks / owners	SHF / setting
Risk 18: Engagement and participation of humanitarian partners in humanitarian coordination structures: *UN Agencies, donors, INGOs and LNGOs* **Risk 19**: Insufficient engagement of the HC: *Humanitarian Coordinator, HFU* **Risk 20**: Limited information sharing among humanitarian partners: *UN Agencies, donors, INGOs and LNGOs* **Risk 21**: Lack of contingency planning: *Humanitarian Coordinator and Humanitarian Financing Unit* **Risk 22**: Unfavourable OCHA reputation in country (credibility with partners, public perception) *OCHA, Humanitarian Coordinator and Humanitarian Funding Unit*	participation in the allocation process and the monitoring needs to be strengthened to ensure sound technical input and transparent, inclusive and objective allocation process. • **Risk 19**: Insufficient engagement of the HC: The SHF relies on the full engagement of the HC in strategic decision making and engagement of the SHF Advisory Board, but also on a practical level because the HC signs a considerable number of documents (Bulk Transfers, MoUs etc.) This engagement is challenged because the HC officially is based in Mogadishu, Somalia. • **Risk 20**: Limited information sharing among humanitarian partners: Despite the establishment of a working groups bringing together stakeholders lack of information sharing (risk, response and programmatic) between humanitarian partners in Somalia can potentially lead to uninformed SHF funding strategies and decisions. • **Risk 21**: Lack of contingency planning: Can impact the fund in a manner to no longer using funds strategically and instead allocating funds in a fire-fighting manner. As an example, the famine in 2011 exhausted the funds and the nature of allocations were more ad hoc than strategic. A comprehensive contingency plan for "predictable" emergencies would mitigate this risk to some extent. • **Risk 22**: OCHA reputation in country: Lack of faith in OCHA's ability to coordinate and collecting reliable information can affect SHF funding decisions and strategies and result in decline in donors' faith in the SHF and consequently a decrease in contributions.

Risk Category F:
Hazard risks
 	
Key Drivers:
 	
Risk 23: Resistance to humanitarian action:
Local political governing bodies, insurgent elements
 	
Risk 24: Threats/hazards to safety and security of humanitarian workers:
Insurgency, lack of governance structure and political instability
 	
Risk 25: Mobility restrictions due to insecurity:
Insurgency, lack of governance structure and political instability
 	
Risk 26: Propensity to natural disasters:
Erosion, logging and climate change
	• **Risk 23**: Resistance to humanitarian action: Insurgent elements are in some areas opposed to humanitarian action, in the southern and central parts of Somalia. Furthermore, local governing bodies can also offer resistance if specific local personnel are not employed/or challenges may be faced due to competing interests for the 'control' of resources.
	
	• **Risk 24**: Threats/hazards to safety and security of humanitarian workers: The safety of humanitarian workers in Somalia (including OCHA staff) remains of serious concern, as also illustrated by continuous attacks directed against the UN. While HFU is based in Nairobi, the security environment poses challenges with the operational activities in Somalia, including the performance of accountability activities.
	
	• **Risk 25**: Mobility restrictions due to insecurity: Several regions of Somalia are hard to access for humanitarian workers and accessibility of areas in Somalia often changes. This affects the Fund's ability to collect information on projects and monitoring efforts. This is particularly challenging in southern and central Somalia that receives the bulk of the SHF funds.
	
	• **Risk 26**: Propensity to natural disasters: Large areas of Somalia are prone to annual droughts and floods causing loss of crops and lives:
	  ○ Drought prone areas: Pockets of Somaliland and Puntland and the Gedo, Galgaduud, Mudug, Bay and Bakool regions of Somalia.
	  ○ Flood prone areas: The regions surrounding the Shabelle and Juba rivers.

Annex 2: Risk Analysis

Risk Consequence Criteria

Scale	Descriptor	Example
1	Insignificant	No impact
2	Minor	Negative outcomes from risks or lost opportunities unlikely to have a permanent or significant effect on the Fund and OCHA's reputation or performance
3	Moderate	Negative outcomes from risks or lost opportunities having a significant impact on the Fund/OCHA. Can be managed without major impact in the medium term
4	Major	Negative outcomes from risks or lost opportunities with a significant effect that will require major effort to manage and resolve in the medium term but do not threaten the existence of the Fund in the medium term
5	Catastrophic	Negative outcomes from risks or lost opportunities which if not resolved in the medium term will threaten the existence of the Fund

Risk likelihood / probability criteria

Scale	Descriptor	Example
1	Rare	Highly unlikely, but it may occur in exceptional circumstances. It could happen, but probably never will
2	Unlikely	Not expected, but there's a slight possibility it may occur at some time
3	Possible	The event might occur at some time as there is a history of casual occurrence
4	Likely	There is a strong possibility the event will occur as there is a history of frequent occurrence
5	Almost certain	Very likely. The event is expected to occur in most circumstances as there is a history of regular occurrence

Annex 3: SHF Heat Map

Likelihood →					
5	5	10	15 Risk 4 Risk 25 Risk 26	20 Risk 12	25 Risk 24
4	4	8 Risk 10 Risk 7	12 Risk 19	16 Risk 9 Risk 18	20
3	3	6 Risk 6 Risk 17	9 Risk 2 Risk 3 Risk 20	12 Risk 11 Risk 21 Risk 23 Risk 5	15 Risk 8 14 Risk
2	2	4	6 Risk 13 Risk 16	8 Risk 15 Risk 22	10
1	1	2	3 Risk 1	4	5
	1	2	3	4	5
					Consequence/impact →