

DOCUMENT TITLE:

Collaborative Risk Management (CRM) for the aid stakeholders of Somalia: Capacity and Capability Assessment (Part A of A/B/C)

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CONTENTS

SECTION 1	GENERAL.....	3
SECTION 2	BACKGROUND AND INTRODUCTION.....	5
SECTION 3	OBJECTIVES, SCOPE AND DELIVERABLES	9
SECTION 4	APPROACH AND METHODOLOGY	11
SECTION 5	ASSESSMENT RESULTS	17
SECTION 6	DISCUSSIONS ITEMS.....	29
SECTION 7	APPENDICES.....	34

SECTION 1	GENERAL	3
1.1	DOCUMENT ATTRIBUTES.....	3
1.2	DEFINITIONS	4
1.2.1	<i>Key abbreviations</i>	4
1.2.2	<i>Key terminologies</i>	4
SECTION 2	BACKGROUND AND INTRODUCTION	5
2.1	BACKGROUND	5
2.1.1	<i>The Somalia risk context</i>	5
2.1.2	<i>Summary of earlier study works on risk management for Somalia</i>	5
2.2	INTRODUCTION.....	7
SECTION 3	OBJECTIVES, SCOPE AND DELIVERABLES	9
3.1	OBJECTIVES	9
3.2	SCOPE	9
3.3	DELIVERABLES	9
3.3.1	<i>Document Part A: Development of the CRM strategy based on CCA (this document)</i>	9
3.3.2	<i>Document Part B: Formulation of the CRM Vision & Mission and CRM Strategy (other document)</i>	10
3.3.3	<i>Document Part C: Formulation of the CRM Strategy Implementation Plan (other document)</i>	10
SECTION 4	APPROACH AND METHODOLOGY	11
4.1	APPROACH	11
4.2	METHODOLOGY.....	11
4.2.1	<i>Part A1: Strategy analysis, producing CRM strategy elements</i>	11
4.2.2	<i>Part A2: Strategy development, producing a CRM strategy structure</i>	14
4.2.3	<i>Part A3: Strategy development, producing the premises for formulating the CRM Vision/Mission</i>	15
4.2.4	<i>Part A4: CRM Vision and Mission</i>	15
4.2.5	<i>Part A5: CRM Recommendations</i>	15
4.2.6	<i>Part A6: CRM Strategy</i>	15
4.2.7	<i>Part A7: Strategy implementation development, SWOT of the CRM strategy implementation plan</i>	15
4.2.8	<i>Part A8: Strategy implementation development, producing CRM strategy implementation plan</i>	16
4.2.9	<i>Quality Assurance Process</i>	16
SECTION 5	ASSESSMENT RESULTS	17
5.1	PART A1: RESULTS OF CRM STRATEGY ANALYSIS.....	17
5.1.1	<i>Part A1.1: Results of the 7S/SWOT analysis: Strategy Elements</i>	17
5.1.2	<i>Part A1.2: Results of the 7S/SWOT analysis: Capacity and Capability Assessments</i>	23
5.1.3	<i>Part A1.3: Results of the 7S/SWOT analysis: Risk Culture and RM Maturity Assessments</i>	24
5.2	PART A2: STRATEGY DEVELOPMENT, PRODUCING A CRM STRUCTURE	26
5.3	PART A3: STRATEGY DEVELOPMENT, PRODUCING THE PREMISES FOR FORMULATING THE CRM VISION/MISSION	27
5.4	PART A4: CRM VISION AND MISSION	28
5.5	PART A5: CRM RECOMMENDATIONS	28
5.6	PART A6: CRM STRATEGY.....	28
5.7	PART A7: SWOT ANALYSIS OF THE CRM IMPLEMENTATION PLAN	28
5.8	PART A8: CRM STRATEGY IMPLEMENTATION PLAN	29
SECTION 6	DISCUSSIONS ITEMS	30
6.1	DISCUSSED ITEMS (D)	30
SECTION 7	APPENDICES	34
7.1	APPENDICES SET A: GENERAL REFERENCES	34
7.1.1	<i>Appendix A1 – Terms of Reference (TOR) / Scope of Work</i>	34
7.1.2	<i>Appendix A2 – List of Consultations for the CRM Strategy Study</i>	35
7.1.3	<i>Appendix A3 - List of References</i>	36
7.2	APPENDICES SET B: METHODOLOGY DESCRIPTION	37
7.2.1	<i>Appendix B1 – General Purpose Strategy Alignment Analysis Tool</i>	37
7.2.2	<i>Appendix B2 – General-purpose Risk Management Model, Integrated ISO 3100' and COSO</i>	38

SECTION 1 GENERAL

1.1 DOCUMENT ATTRIBUTES

About this document

This document describes a qualitative capacity and capability assessment (CCA) study pertaining to the Somalia aid organisations' risk management practices. It was carried out in March 2020. The study focused on revealing the best way forward for a Collaborative Risk Management (CRM) approach to the array of complex, severe and interdependent risk exposures.

This study produced findings and recommendations based on interview of 11 Somalia aid stakeholders ([Appendix A2](#)), as well as based on review of relevant materials gathered from the Somalia aid community ([Appendix A3](#)) – all located in Mogadishu and/or Nairobi.

The results of the CCA has been used to produce a basis for describing an inter-organisational CRM strategy as well

as an CRM implementation plan suitable for the Somalia context.

The main outcomes of these works are:

- Doc. Part A CRM CCA (this document)
- Doc. Part B CRM Strategy (another document)
- Doc. Part C CRM Implementation Plan (other doc.)

Although these outcomes are part of the same Terms of Refences (TOR), for ease of reading they are singled out as three separate documents.

This study seeks to identify strengths, weaknesses and commonalities pertaining to the aid organizations' individual risk management practices, the study is a complex.

Basis for this document

This document is based on the TOR described for the Collective Collaborative Risk Management Study ordered

by UN's risk management unit for Somalia (UN-RMU), as describe under [Appendix A1](#) of this document.

About the author of this document

Tarald Jarlsen has +25 years of international experience in the areas of operational/program and organizational business risk-position analysis, risk management, implementation of risk management frameworks, and strategy development as well as implementation thereof. On a daily basis, Tarald serves as a *partner* and *principle*

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About the readers of this document

The users of this document are the Somalia aid community; covering the spheres of humanitarian, development and peacebuilding activities; which include Government of Somalia, international NGOs, local NGOs, donor organisations, donor countries (via local embassies), UN agencies, and private bodies. The main custodians, Multi-Party Risk Working Group, for

collaborative risk management are an array of risk working groups (RWG) across the Somali aid community – entities such as UN RWG, SDRF pooled funds (UN/WB/AfDB) Risk Management Group, Trust Fund RWG (SDRF pooled funds). The UN's Risk Management Unit (UN-RMU) currently has a coordination, advisory and capacity building role across the aid community.

Short Summary

This 1st section describes the general attributes of this document.

The 2nd section provides a description of the background and introduction to why the study is needed, the motivations for it as well as introducing earlier relevant earlier works pertaining to the same topic.

The 3rd section formulates the study's objectives, scope, and deliverables.

The 4th section describes the applied methodology for the capability and capacity assessments and the approach

taken for the development of the CRM strategy and implementation plan (4 pages).

The 5th section describes the results obtained from the CCA.

The 6th section is based on the results of the CCA (Section 5) and discusses selected topics arisen from these results.

The 7th section holds the various appendices being referred to throughout the document.

1.2 DEFINITIONS

1.2.1 Key abbreviations

<i>CCA</i>	Capacity and Capability Assessment	<i>RWG</i>	Risk Working Group
<i>CRM</i>	Collaborative Risk Management	<i>SCRM</i>	Structured Collaborative Risk Management
<i>KRA</i>	Key Risk Areas	<i>SDRF</i>	Somalia Development and Reconstruction Facility
<i>KRI</i>	Key Risk Indicators	<i>SWOT</i>	Strength / Weakness / Opportunity / Threat
<i>KRP</i>	Key Risk Parameters	<i>TOR</i>	Terms of Reference
<i>MPRWG</i>	Multi-Party Risk Working Group	<i>UN-RMU</i>	UN Risk Management Unit
<i>RBM</i>	Results Based Management		
<i>RFP</i>	Risk Focal Points		
<i>RM</i>	Risk Management		

1.2.2 Key terminologies

Below definitions are valid for the context of this document, only.

<i>Collaboration</i>	Working together to produce something	<i>RM Procedure</i>	Detailed description of how to carry out risk analysis and assessment for a particular risk area or subject matter
<i>Corruption</i>	Illicit deviation from defined governing process and intentions to gain advantage	<i>Risk Policy</i>	Description of key premises for risk management of analysis. It should typically contain risk appetites, risk tolerances, key risk areas to be monitored, and give references to other governing risk management practices to be followed.
<i>Strategy</i>	A chosen road map between a current state operation to a chosen future new one.	<i>Accountability</i>	The means through which power is used responsibly: a process of taking into account the view of, and being held accountable by, different stakeholders' interests, and primarily the people affected by authority or power.
<i>7S alignment</i>	Degree of alignment among the hard and soft organisational elements (appendix A5) - with that of the organization's set of shared values.		
<i>RM Standard</i>	Documented description of how an international risk management reference standard (ISO 31000 and/or COSO) has been implemented in practice into the organization		
<i>RM Framework</i>	Documented description of the main element of the governance processes for risk management.		

SECTION 2 BACKGROUND AND INTRODUCTION

2.1 BACKGROUND

2.1.1 The Somalia risk context

The main actors of the Somalia aid community have provided humanitarian and development aid activities across the region for +20 years. The main risk stakeholders are I-NGOs, N-NGOs, donor organisation, UN agencies, Somali government bodies, and private sector and beneficiaries.

Today, from an external surface view of Somalia's risk context, it is observable an abundant manifestations of weakness of governance, accountability, and rule of law, criminality, independent armed groups; limited access to populations in need, rampant corruption throughout the entire value chain of humanitarian and development funding cycles.

Also, today, from a viewpoint inside the aid organisations operating in Somalia they see individual RM effectiveness needs to be higher in order to combat the indeed one of the most challenging operation in the world.

The RM practices so far have shown that some of their applied tools and approaches have worked effectively. However, the aid community would benefit from further streamlining RM practices, strategies, systems, procedures, etc.

By default, the primary risk categories, and sequence priorities, within this community are:

- i) *Contextual risks* (Somalia-on-the-ground- risks).
- ii) *Program risks* (Strategy execution, Governance and Control of funding of programs and/or initiatives for development, humanitarian, peacebuilding or enhancement, and the efficiency thereof;
- iii) *Institutional risks* (corruption, fiduciary, change agenda, other).

Aid organization in Somalia have externally focused mission objectives – i.e. of aiding the vulnerable people of Somalia. Otherwise their own existence there could not be adequately justified. It follows from that the risk management functions also ought to directly support these objectives, and hence also the risk factors associated with their mission objectives.

This study also reveals that the actual predominant way of prioritising risk management activities is in the reversed order of: *i) institutional risks, ii) program risks, iii) contextual risks*.

2.1.2 Summary of earlier study works on risk management for Somalia

Several studies have been commissioned to answer two pressing questions: *i) what are predominate risk exposures for Somalia and the Somalia aid stakeholders; and ii) what isare the best practice risk management approach to be taken?*

In 2016 Transparency International (TI) reported [36] that high corruption risks existed across the entire humanitarian programme cycle and recommended shared approaches as an overall countermeasure to better manage these risks.

This study led to the decision to undertake the study, *Review of Collective Risk Management System across Somalia Aid Community* (Magda Stepanyan, MA, MSc,

CIRM, 2017) [32], assessing the effectiveness of existing risk management systems and tools for the Somalia aid community and their impact, producing twenty five recommendations on how to achieve effective structures and efficient Collective Risk Management (CRM). This study reveals that the Somalia operating environment is highly challenging: its risk context is extraordinarily severe, complex with multiples of interdependencies – both external and internal of the aid organisations.

Key relevant findings from the report, "Review of Collective Risk Management System across Somalia Aid Community (Magda Stepanyan", MA, MSc, CIRM, 2017) [32]

- i) Wrong perceptions and mistrust continue to prevail among various actors on issues of risks that relates to own organization, which in turn undermines any collective efforts to it. Much can be said about this but will limit comments to the main driver of it: fierce competitions among aid operators combined with a legacy of non-transparent approach to the classification of aid partners. Policing attitude is only constructive if and only if the aid organizations real risk positions are correctly understood. But that has not been the case. The consequence of such mistrust is the unwillingness to share risk related information, which is critical success factor for any collective works, resulting in lack of risk intelligence, and the ultimately relevance.
- ii) CRM governance principles and structure are needed – i.e. that is, a CRM forum that is equipped with a coordinator role sufficiently empowered to coordinate across the Somalia aid organizations. This CRM forum needs to be inclusive towards all the main stakeholders of the Somalia aid Somalia aid operators and free of any bias or partiality. Hence, the

coordinator role should be elected by its members on an annual basis. In terms of kick-starting such CRM forum, the best available options in terms of the main vehicle for this CRM forum, are:

- a) Use the UN's Multi-Party Risk Work Group (UN MPRWG), inviting other CRM collaborators into the regular meeting schedule
- b) Use the NGO Consortium RWG, inviting other CRM collaborators into the regular meeting schedule
- c) Join the UN's MPRWG and the NGO RWG to form the new CRM forum, inviting other CRM collaborators into the regular meeting schedule
- d) Create a new CRM forum as a main vehicle driving the collaboration and develop a new charter for it, comprising of all invited member organizations. Then elect a new forum coordinator, possibly also a chairman.
- e) Let the CRM forum be hosted on a membership rotational basis of which there is a 1-yearly elected chairman and 2-yearly elected coordinator role (i.e. regulated by a formal charter).

In principle, the best of the above options would depend on two main factors: i) the number and composition of the CRM forum members – i.e. and their typical risk profile; and ii) the true strategic ambition in terms of risk management.

However, another aspect to consider much carefully is, as for all collaborative initiatives, the outcome of

such initiatives typically depends on its start-off. No good idea to start off “on the wrong foot”. In this context, an already “flying start” is probably the best way forward. So, in terms of the options (a-e, above), a, and partly c is already established. In terms of coordinator-ship, the RMU is the only one established for that. RMU does not have any 1st, 2nd or 3rd line of defense role, but is specifically set up for the purpose to support risk management efforts, and is designed to hold such expert competencies, which is in sum the spirit that is needed for the successful coordination of the CRM forum. A second important aspect to consider is that the voice of the NGOs, which is critical for the fuller true picture of Somalia operations risk exposure. Finally, other partners need to be on-boarded - but each partner also needs to realize its own limitations and strengths – i.e. not be guided by own wanting, but own real role. Hidden or un-understood agenda will lead to failure.

- iii Capacity development is in the hands of those who are lobbying for long-term support for specific mission areas. This point towards the need for a long-term targeted strategy that includes thematic risk working groups that unites on specific key risk areas that relates these mission objectives. So, the success with such depends on the style of multi-party collective approach. It should be platform for amplification of opportunities to tackle risk related issues, as well as thereby foster openness and trust.

Some selected key findings from the report, “Review of RM and Accountability (RMA) Practices”; NGO Consortium Somalia; 2013 [48]-

The NGO Consortium conducted in 2013 a RMA study found stating “...a web of contractors, partners, gatekeepers, local authorities, armed groups and other governance structures have arisen, seeking to manipulate aid schemes while acting as a conduit for international actors to reach Somali beneficiaries. With aid interventions viewed as a source of income and business, different actors routinely seek to take a cut”. Further, finds were that “briefcase NGOs” were a growing problem (in 2013). At that time, according to a Somali government source, the number of NGOs registered in Mogadishu rose from 420 to 1,742 over period of 3 months. Further, this study revealed that: The aid organization on the ground in Somalia, in the front line, are predominantly the local NGOs, then the international NGOs and thereafter follows UN agencies - in that order. These actors are continually under operational security pressures. Significant compromises with basic humanitarian principles is the

norm such as use of armed guards throughout the territories. Hence, remote management to deliver aid through national partners is often the only option. It also concludes that such paves way for further expansion of widespread corruption and fraud – even also penetrating the aid organizations themselves.

Although the allocation of resources is guided by the national development plan which requires re-alignment of strategies, country programmes, programmes/projects with the national strategies. However, the report further reveals that established networks in Somalia rules the allocation and coordination of resources where manipulation of programmatic efforts and financial aid is highly possible. One underlying driver for such is the donors’ and UN agencies’ high reliance on NGOs and local on-the-ground program implementation partners (IP).

Some selected key findings from the report, “Review on UN Development System - Risk Management in Fragile States”; 2014; Jacquand, Marc & Ranii, Shelley; New York University; [47]

The works of Jacquand & Ranii concluded in 2014 about UN Development Systems’ risk management efforts for Somalia that:

- 1 UNDS donors have placed an emphasis on greater risk tolerance, coupled with greater emphasis on risk mitigation, management, and risk and information

- sharing. Impedance to progress emerge are primarily political in nature.
- 2 The Somalia context is characterised by operational complexity on the ground and confusion at the policy level, where definitions and understandings of risk management remain fragmented. UN agencies have undertaken vast efforts to develop or upgrade their risk management 'toolbox'.
 - 3 Application of risk policies and procedures are the main challenges, whilst donors agree that UN's risk management have significantly improved- Yet, efforts to harmonize risk management approaches face significant hurdles due to diversity of objectives, incentives, definitions, case-for-change, and ways agencies are funded.
 - 4 Uneven quality and relevance of risk related information among the actors and donors. The underlying causes relate to issues of confidentiality, systems, capacities, skills, process, and quality assurance.
 - 5 Effective risk management practices for Somalia faces a complexity barrier. RM is therefore about trade-offs in resolving operational tensions.
 - 6 Enhanced dialogue sustained over long time is need among actors and donors, who have different risk appetites, shaped by different fiduciary approaches, policy and funding cycles, and strategic interests.
 - 7 The feasibility of joint approaches among donors and actors must be based on convergence of political choices, which in turns relate to the strategic objectives.
 - 8 Practical solutions to RM for Somalia are four-folded: i) adopt common terminology, principles, concepts and framework; ii) adopt common RM standards on the basis of existing policies and reliable due diligence process; iii) Revision of donor guidelines for joint risk assessments; iv) More strategic use of pooled funds as a platform for common risk management responses, as well as greater engagement with national governments.
 - 9 "Trust-building" measures, requires more forthcoming discussions on internal risk management procedures.

Progress made by UN Somalia's Risk Management Unit (RMU)

To counter the above risk management challenges, the UN Somalia Risk Management Unit has developed and implemented several tools and practices, as well as initiates several improvement invites, resulting in significant progresses. Amongst these progresses, the CIMS database developed as a one stop shop to share

information across the UN organisations operating in Somalia, facilitating collaboration across the UN. Other tools and initiatives are risk assessment reports, UN risk working groups, Implementation of JRMS across MPTF funded projects, capacity building, best practice dissemination etc.

2.2 INTRODUCTION

Current as-is practices - a case for change in risk management practices

Clearly, a dilemma with the use of differing risk management standards is that it undermines collaborative approaches.

Lack of collaborative approach to risk management undermines transparency and intelligence gathering, and from that, the aid community will harvest inadequate risk management, producing single organisation accountability which is evidently less effective compared to a collective approach – i.e. as aid is being diverted. Ultimately it undermines all aid efforts.

Clearly, with lack of common understanding of risk positions, its complexity, inter-dependencies, practical risk management principles and processes – then, consensus on a common risk management standard to guide the collaborations will be a severe challenge.

Most of the interviewed organisations have risk management practices and procedures in-place, but they

are typically generic, wordy, patchy, long-winded, lack precision, and lack differentiation between the concepts of risk management, -strategy, framework, -procedure, -policy, etc. It is usually an all-in-one bulk document. Further, risk registers are typically non-existent or rudimentary or even flawed. They are most often single-point xls-spreadsheets. They lack comprehensive risk case intelligence. "Traffic lights" are generally not reacted to. From general knowledge, weak accountability causes growth of unprincipled aid actors, with conflicting "business objectives", undermining the entire aid community. Ultimately it may very well result in taxation of payments by authorities, causing further cost pressures. So, by aligning and improving risk management practices and enhancing such cultures among the aid community automatically strengthens accountability, reversing the entire negative spiral [1, 2, 3, 4, 16, 27, 28, 29, 32, 47, 48].

Some bright spots

There are however some bright spots. UN Somalia's Risk Management Unit (RMU) have produced comprehensive risk case studies which has served at higher

management's focus, as well as have developed and implemented several tools and approaches and made such available for the collaborative approach to risk

management across the UN agencies or other stakeholders, providing risk analysis support and advice, are 3-folded:

- i fund level (pooled funds UN/WB/AfDB):
 - a. contextual,
 - b. institutional,
 - c. strategic,
 - d. programmatic
 - e. operational
- ii programme/project level risk analysis, partner risk assessment
- iii Strategic analysis, such as:
 - a. UN Strategic Framework, Common Country Assessment (Risk analysis affecting SDGs);
 - b. CIMS, multiple risk working groups since 2015: risk management group for SDRF funds;
 - c. UN Risk Management, Accountability and Quality Assurance WG and MPRWG; etc.

Since 2011 onwards, several working groups on risk management have been formed, including governance and accountability.

Since 2013, the RMU has facilitated and coordination the MPRWG. This risk working group brings together risk focal points from the donor community, NGOs, the World Bank and the UN; to (1) create greater awareness of respective risk management approaches, needs and constraints, and (2) reach consensus on practical solutions to issues such as access to information and collaborative monitoring. From these two, several studies have also been commissioned to map out best way forward on risk management for the Somalia aid community.

Since 2015, a multi-party risk working group (MPRWG) has been formed for the purpose of establishing higher awareness of both common and individual risk management approaches, its needs, lessons learned and constraints with a view to getting consensus on practical solutions on issues such as access to information and collaborative monitoring. Based on this, and as a result of the review of the CRM tools and approaches across aid community, single out high-priority tasks to produce a new *structured CRM strategy for the Somali aid community*. This, being inclusive of the common pre-requisite vision, mission, aims, and business objectives. This report recommends the approach for the CRM.

Success factors

- 1 The Somalia aid community recognises that significant portions of their total risk exposures are in common; are complex in nature, are inter-dependent, and are severe.
- 2 It follows from that, that the best way forward is a collaborative approach that entails sharing of data/information, aligning of methodologies, processes, and tools.
- 3 In the longer run it could even entail sharing of risks, personnel resources, and opportunities. For the CRM approach to succeed, it needs to benefit all the CRM stakeholders.
- 4 Effective collaboration and coordination among the parties are critical for the CRM strategy.
- 5 As risks impact the CRM participating organisations in a variable manner related to their individual humanitarian and development activities, the here proposed CRM strategy (Doc. Part B) will have to cater for common risks, as well as the CRM Forum act as advisory to non-common risk positions.
- 6 Development of Risk Policy, for each one CRM participants, as well as a common one, is essential to correctly gauge what risk acceptance levels would be.

SECTION 3 OBJECTIVES, SCOPE AND DELIVERABLES

3.1 OBJECTIVES

Objective of this study

The aim of this study is to first identify possible commonalities pertaining risk management practices (tools, methods, approaches, procedures, etc.) that can create synergies of strengths and opportunities for the CRM stakeholders of Somalia, thus formulate a CRM strategy and implementation plan. This entails assessing gaps relative to a

common CRM vision and mission. The result of this study will then allow the MPRWG members to agree on what and how to implement a commonly agreed plan of action during times ahead. Ultimately, the goal is to improve the quality of risk management across the aid community in Somalia.

Objective of collaborative risk management (CRM)

CRM aims to support the achievement of the mission objectives of the aid organisations for Somalia: Government, NGOs, beneficiaries, UN and donors – i.e. aid community stakeholders. The aim is to enhance risk awareness and intelligence, as well as

advance risk management capabilities and capacities to deliver efficiency and effectiveness in delivering aid into Somalia. It follows that agreeing on key enablers for CRM is critical.

3.2 SCOPE

As fully described under [Appendix A1](#), the scope of works is 3-folded:

- i in consultations with CRM stakeholders, map out the risk management capacities and capabilities across the aid community, including research of relevant supplied information and earlier works;
- ii based on these mappings, develop a CRM vision, mission and strategy;
- iii based on that, develop a CRM strategy implementation plan.

The CRM strategy shall describe the users' objectives, principles, process, governance structure, approaches, methodologies, tools, due

diligence requirements, capacity development needs for users, and requirements for risk and information sharing.

No part of these scopes can be detailed outputs for risk policies, risk metrics, risk tolerances / appetites, risk controls acceptance criteria, risk analysis tools, specific IT solutions, communication procedures, and other practical needed items - i.e. as such cannot form part of strategy description or overall framework.

Also, this assignment has not catered for identification of individual CRM stakeholders risk profiles.

3.3 DELIVERABLES

This whole study's scope of work results in the following 3-folded outputs: Part A, B and C.

Take a note here that this document will sequentially describe the parts, A1-4, B1-2 and C.

3.3.1 Document Part A: Development of the CRM strategy based on CCA (this document)

CRM for the aid stakeholders of Somalia: **Capacity and Capability Assessment**

Part A1: **Strategy analysis, producing CRM strategy elements.** This part is not the strategy itself, but findings of the capacity and capability assessments that are necessary for forming a basis for the CRM strategy.

Part A1.1: **Results of the 7S/SWOT analysis: Strategy Elements.**

Part A1.1a: Results of the 7S/SWOT analysis: Strategy Elements (**diagram version**)

Part A1.1b: Results of the 7S/SWOT analysis: Strategy Elements (**short text ver.**)

Part A1.1c: Results of the 7S/SWOT analysis: Strategy Elements (**long text ver.**)

Part A1.1: **Results of the 7S/SWOT analysis: Capacity and Capability Assessments.**

Part A1.3: **Results of the 7S/SWOT analysis: Risk Culture and RM Maturity Assessments**

Part A2: **Strategy development, producing a CRM structure.** This part is not the strategy itself but come as a result of capacity and capability assessments and is also necessary for developing the CRM strategy.

Part A3: **Strategy development, producing the CRM vision and mission.** This part is not the CRM vision and mission itself but sets the premises for formulating it.

Part A4: **Strategy implementation development, producing CRM strategy implementation plan elements.** This part is not the strategy itself, but “building blocks” for CRM strategy implementation plan, along with CRM recommendations.

3.3.2 Document Part B: Formulation of the CRM Vision & Mission and CRM Strategy (other document)

CRM for the aid stakeholders of Somalia: **Strategy**

Part B1: The *CRM visons and mission* (based on the Part A1-3)

Part B2: The *CRM strategy* (based on the part A1-3 and Part B1)

3.3.3 Document Part C: Formulation of the CRM Strategy Implementation Plan (other document)

CRM for the aid stakeholders of Somalia: **Strategy Implementation Plan.**

Part C2: The *CRM strategy Implementation Plan* (based on the Part B2)

SECTION 4 APPROACH AND METHODOLOGY

4.1 APPROACH

The overall process-flow

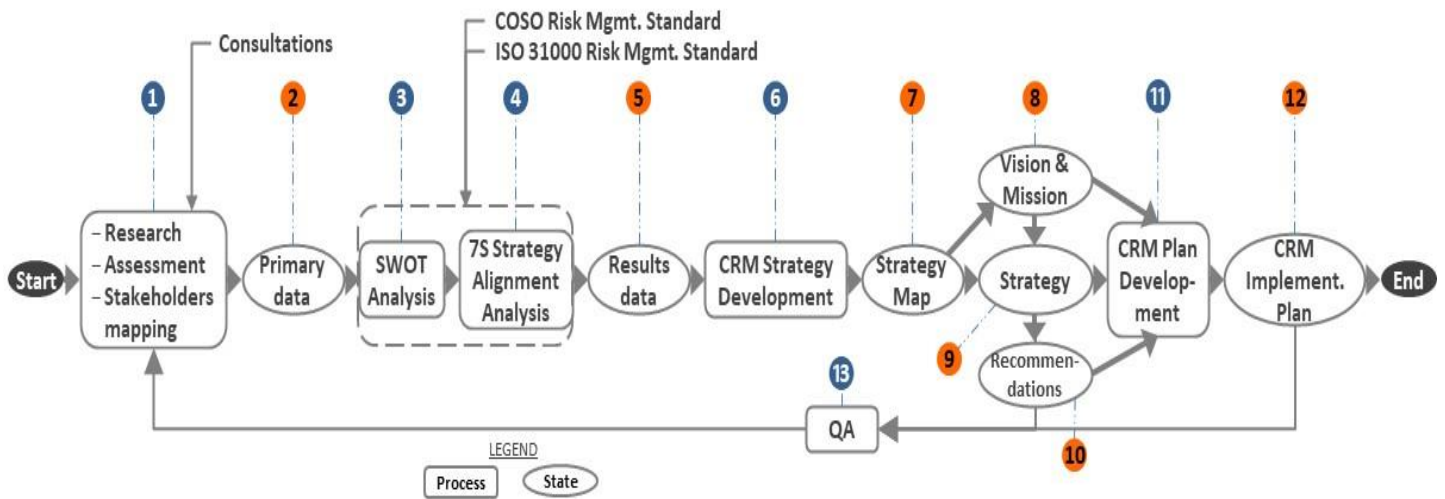


Figure 4.1 – High level flow diagram of the works with assessment, analysis, and strategy development

Figure 4.1 illustrates the overall process flow and main steps taken for this study works. As such, the *process steps*, and *outputs/states*, are denoted from ① to ⑬.

This notation is used below within the text, referring to Figure 4.1. The **blue** ones are process steps and the **orange** ones are outputs.

Assessment Activities

During the month of March 2020 several consultations were carried out both Kenya and Somalia (as listed under [Appendix A2](#)). These activities were typically 1-1.5 hours meetings with selected key personnel. During and after this period documents were shared as well as collected, which content relates to the organizations’ capacity,

capabilities, and practices. Some meetings were compromised due to the outbreak of the Corona virus pandemic and the early departure of the consultant. The assessments and recommendations provided with this document are at a strategic level. Hence, do not dwell into great details.

4.2 METHODOLOGY

4.2.1 Part A1: Strategy analysis, producing CRM strategy elements

Gathering of primary data: capacity and capability assessments w.r.t. CRM

Structured consultations, ①, have been carried out with the CRM participants (listed in [Appendix A2](#)) during which notes were taken of statements; observations were made of the relevant supplied written materials (policies,

frameworks, procedures, risk profiles, earlier study works, and relevant previous studies). These obtained information items constitute here the *primary data* set, ②, as listed under [Appendix A3](#)).

Producing secondary data: analysis results data

The *primary data*, ②, was utilised for two analysis steps merged into one integrated method: i) *SWOT analysis*, ③, and ii) *7S organisational alignment analysis*, ④. The 7S analysis’ main principle is illustrated by [Figure 4.2a](#) and further described under [Appendix B1](#). It is a fairly commonly known analysis method. [Figure 4.2b/c/d](#), are complementary tools applied to reveal specific aspects of the analysis works – i.e. capacity/capability, risk culture and risk management maturity. For this integrated 7S/SWOT analysis step, the elements of the general-purpose risk management standards, ISO 31000 and

COSO, were used as generic terms of reference – i.e. comparing and contrasting against the practices described therein. Thus were held together with the consultant’s experience with risk management, producing the *results data*, ⑤, which is the subject matter topics identified and assessed in relation to the 7S/SWOT model, producing the output, [Figure 5.1a](#). This analysis results were produced into the form of a long- and short-description set:

- Part A1.1a: Results of the 7S/SWOT analysis: Strategy Elements (**diagram version**)

- Part A1.1b: Results of the 7S/SWOT analysis: Strategy Elements (**short text ver.**)
- Part A1.1c: Results of the 7S/SWOT analysis: Strategy Elements (**long text ver.**)

- C [Figure 5.2a](#): High-level summary diagram of the 7S/SWOT risk management maturity levels
- D [Figure 5.2b](#): High-level summary diagram of the 7S/SWOT risk culture

Under this section, “5.1 - PART A1: RESULTS OF CRM STRATEGY ANALYSIS”, there are four diagrams serving as short-form descriptions:

When viewing these *results data* together, it reveals the CRM initiative’s current level of *operation readiness* as it relates to the described CRM vision and mission. Know that these *results data* are based on having considered all the CRM stakeholders as a collective group and therefore the analysis does not to single out the characteristics / attributes on individual’s level.

- A [Figure 5.1a](#): High-level summary diagram of the 7S/SWOT strategy analysis
- B [Figure 5.1b](#): High-level summary diagram of the 7S/SWOT capacity and capability assessments

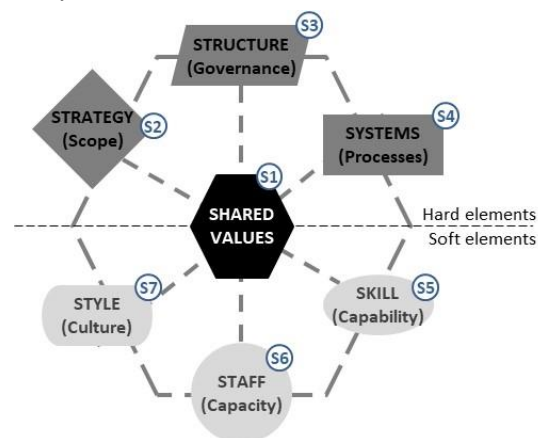
The applied tools

Four models were chosen as tools / methodologies applied for the Part A1 type of analysis, described here below:

1st tool

The 7S/SWOT strategy analysis model:

[Figure 4.2a](#) illustrates the 7S/SWOT analysis and assessment model was chosen as it imparts categories that relates to how multiple parties’ various organisational aspects (7S) are aligned/misaligned (SWOT) with each other. Application of this tool is described under [Appendix B1](#). **The results of this analysis are Parts A1.1a/b/c** (under section 5.1). A diagrammatic summary overview of this is shown by [Figure 5.1a](#)



[Figure 4.2a – “7S Organizational Alignment Model”](#)

2nd tool

The 7S/SWOT capacity and capability assessment model:

For this assessment, two key questions were answered for each one of the 7S strategy alignment elements. These questions are addressing the existence /implementation of basic elements of the ISO 31000 standard.

The results of this analysis are shown by [Figure 5.1b](#)

S1	Q1:	Is there a clearly defined vision and mission for the management scopes, and if so, how adequate is it?
	Q2:	Is there a clearly defined set of purpose, values and beliefs for the risk management function, and if so, how adequate is it?
S2	Q1:	Is there a clearly defined risk policy to guide the setting and execution of a risk management strategy in place, and if so, how adequate is it?
	Q2:	Is there a clearly defined scope of risk management that is commensurate with the overall policy and vision, and if so, how adequate is it (...including risk appetite/prudence and tolerances)?
S3	Q1:	Is there a clearly defined accountability for risks and lines of reporting of risks and if so, how adequate is it? Is there a clearly defined roles and responsibilities for the management and coordination of risks, and if so, how adequate is it?
	Q2:	Is there a clearly defined risk management framework – describing organisational principles and processes, and if so, how adequate is it? Is there a clearly defined risk management standard – describing generally the risk identification and assessment principles and methodologies, and if so, how adequate is it?
S4	Q1:	Are there clearly defined risk management procedures – describing specifically risk identification and assessment principles and methodologies using tools and systems – this far various key risk areas (financial, strategy, program execution, HSE, Quality, IT, security, etc.), and if so, how adequate is it?

	Q2:	Are there evidences effective risk registers in place, or other procedures, or risk regular reports, that enables the structured and systematic tracking and analysis of risks, creating basis of useful communications of risks, and if so, how adequate is it?
S5	Q1:	Are there sufficient capability (people’s competency and skills) in place to actively identify and assess the types of risks being exposed to, and if so, how adequate is it?
	Q2:	Are there sufficient capability (people’s competency and skills) in place to assess the adequacy of the risk management function, and if so, how adequate is it?
S6	Q1:	Are there sufficient capacity (allocated people resources) in place to actively identify and assess the organisation’s risk exposure, and if so, how adequate is it?
	Q2:	Are there sufficient capacity (allocated people resources) in place to actively manage the risk exposures that the organisation is exposed to, and if so, how adequate is it?
S7	Q1:	What is the level of risk management maturity (See Figure 4.1b)?
	Q2:	What is the type of risk culture (See Figure 4.1c)?

Figure 4.2b – “7S Capacity and Capability Assessment (CCA)”

3rd tool

The risk culture model:

The Institute of Risk Management (IRM, UK)’s risk culture assessment model was chosen as it quickly yields a high level picture of organizations’ type of risk culture, and, it is fairly easy to carry out and understand. Such data are important to consider to better understand, underlying barriers for CRM implementation. **The results of this analysis are shown by Figure 5.1c.**

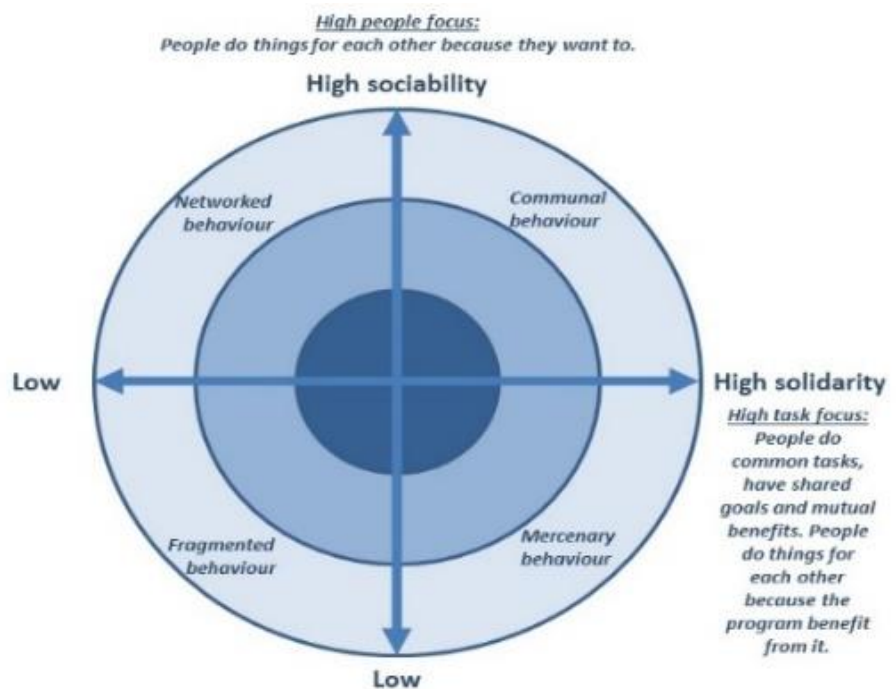


Figure 4.2c – “IRM’s Risk Culture Model”

4th tool

The RM maturity model:

The Institute of Risk Management (IRM, UK)’s risk management maturity assessment model was chosen as it quickly yields a high level picture of organizations’ degree of risk management maturing, and, it is fairly easy to carry out and understand. Such data are important to consider to better understand, design and scale the CRM strategy implementation programs. **The results of this analysis are shown by Figure 5.1d.**

GENERATIVE (Score 3)	High individual awareness to create value through collaboration.	Process in place that continually optimise on risk and opportunity positions.	Process in place that continually optimise on sustainable and gains strategic value.	Effective tools in place tailor-fit / designed to create value strategic and operational value.
IMPROVING (Score 2)	Clearly defined process and improvement strategy. Team works effective.	Continuous process improvements to de-escalate risk-positions.	Continuous process improvements to exploit risk/opportunity-positions.	Well understood and adapted risk metrics and actively used tools to guide risk management actions.
STATUS QUO (Score 1)	Command and control maintain hierarchy and current status.	Aim is to maintain control status quo.	Controlled by the squeezing of budgets.	Avoids change transformational leadership.
DE-GENERATE (Score 0)	Individual statements at high variance with public ones.	Politicised processes with in-fighting that fragments and/or hinders processes.	Own interests /ambitions /risks overrule the interest of the collective effort and/or business objectives.	Key procedures and frameworks highly “wordy”, general and un-adapted to ow organisation.
Level of Maturity =	People / Culture	x Processes / Managerial	x Professional / Information	x Methodologies / Technologies

Figure 4.2d – “IRM’s Risk maturity Model”

4.2.2 Part A2: Strategy development, producing a CRM strategy structure

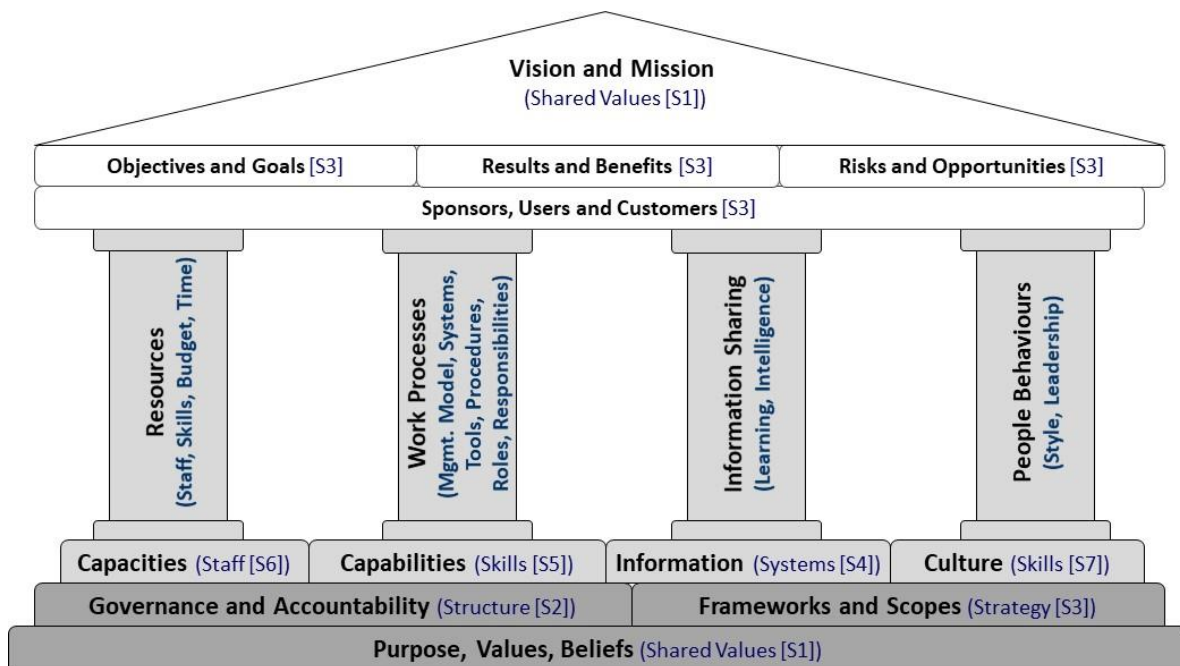


Figure 4.3 – Generic model of “House of Strategy”

The applied method and tool

The results data generated from the Part A1 methodology (above), describes the basis for the CRM strategy, vision and mission – i.e. it is being used for CRM strategy development, 6. The key topics were identified and analysed, producing a high-level strategy map, 7. Illustrated by Figure 4.3,

the model-tool used for developing this strategy map was the **Kaplan & Norton’s balanced scorecard model**. This model is chosen as it is a well-known general-purpose strategy development tool. This tool relates the stakeholders’ various shared values and enablers - onto results areas for users and

sponsors. It facilitates the identification of the main pillars of strategic work streams which typically

reflects the four elements: people, processes, information and culture.

The produced results

The development of CRM strategy is compared to a house building project as illustrated by Figure 4.3 where several building blocks are being first identified, shaped and then put in the right place, as well as in a certain sequence – this, while first knowing the CRM vision for it. Clearly, the foundational building blocks are firstly be put in place – i.e. the vision, mission, values, and purpose. On top of that comes the enables – i.e. governance. Thereafter, the four main strategy support pillars are erected, which is the main bulk of program – i.e. shared information, aligned processes, favourable

risk culture. Lastly, this substructure will support the roof, comprising of the objectives, goals, and key result areas. The application of the results data from Part A1 (above) were mapped onto the balanced-score-card / “house model-tool”, producing the Part A2, CRM Strategy Structure – illustrated by Figure 5.3 (under section 5.2). Further output from the Part A2 analysis step is the intermediate state of the CRM Vision and Mission – i.e. Part A3: Premises for the formulation of CRM Vision & Mission, 8 (next section).

4.2.3 Part A3: Strategy development, producing the premises for formulating the CRM Vision/Mission

Based on the results obtained from part A1/2 analysis steps, the following were produced:

- Part A4: CRM Vision and Mission, 8 (Described under Section 5, Analysis Results)

4.2.4 Part A4: CRM Vision and Mission

Based on the results obtained from part A1/2/3 analysis steps, the following were produced:

- Part A4: CRM Vision and Mission, 8 (Described under Part B, CRM Strategy)

Due to the volume of the above item, these deliverables are described under the sperate document, Part B.

4.2.5 Part A5: CRM Recommendations

Based on the results obtained from part A1/2/3 analysis steps, the following were produced:

- Part A5: CRM Recommendations, 9 (Described under Part B, CRM Strategy)

Due to the volume of the above item, these deliverables are described under the sperate document, Part B.

4.2.6 Part A6: CRM Strategy

Based on the results obtained from part A1/2/3 analysis steps, the following were produced:

- Part A6: CRM Strategy, 10 (Described under Part B, CRM Strategy)

Due to the volume of the above item, these deliverables are described under the sperate document, Part B.

4.2.7 Part A7: Strategy implementation development, SWOT of the CRM strategy implementation plan

The applied method and tool

The CRM implementation plan development, 11, was based on the CRM Strategy (its elements for implementation as shown by Figure 5.1a/b/c/d). Before producing the producing the CRM Implementation Plan, 12, a SWOT analysis of the identified CRM implementation plan elements were carried out, producing Part A7 (under section 5).

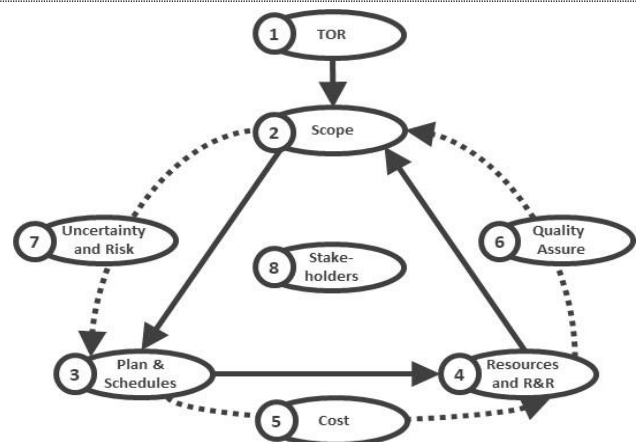


Figure 4.4 – Generic purpose implementation project management principle

4.2.8 Part A8: Strategy implementation development, producing CRM strategy implementation plan

Based on the outcome, Part A7, and applying the standard PMI project- management planning model as thought-model / tool for it - illustrated by Figure 4.4, then then the CRM Implementation Plan was produced, Part A8. The results of this analysis is:

- Part A6: CRM Strategy, 11 (Described under Part C, CRM Implementation Plan)

4.2.9 Quality Assurance Process

Three quality assurance (QA) loops, 13, have been conducted having incorporated the feedback and

comments from the CRM stakeholders, producing the final versions.

SECTION 5 ASSESSMENT RESULTS

5.1 PART A1: RESULTS OF CRM STRATEGY ANALYSIS

5.1.1 Part A1.1: Results of the 7S/SWOT analysis: Strategy Elements

Part A1.1a: Results of the 7S/SWOT analysis: Strategy Elements (diagram version)

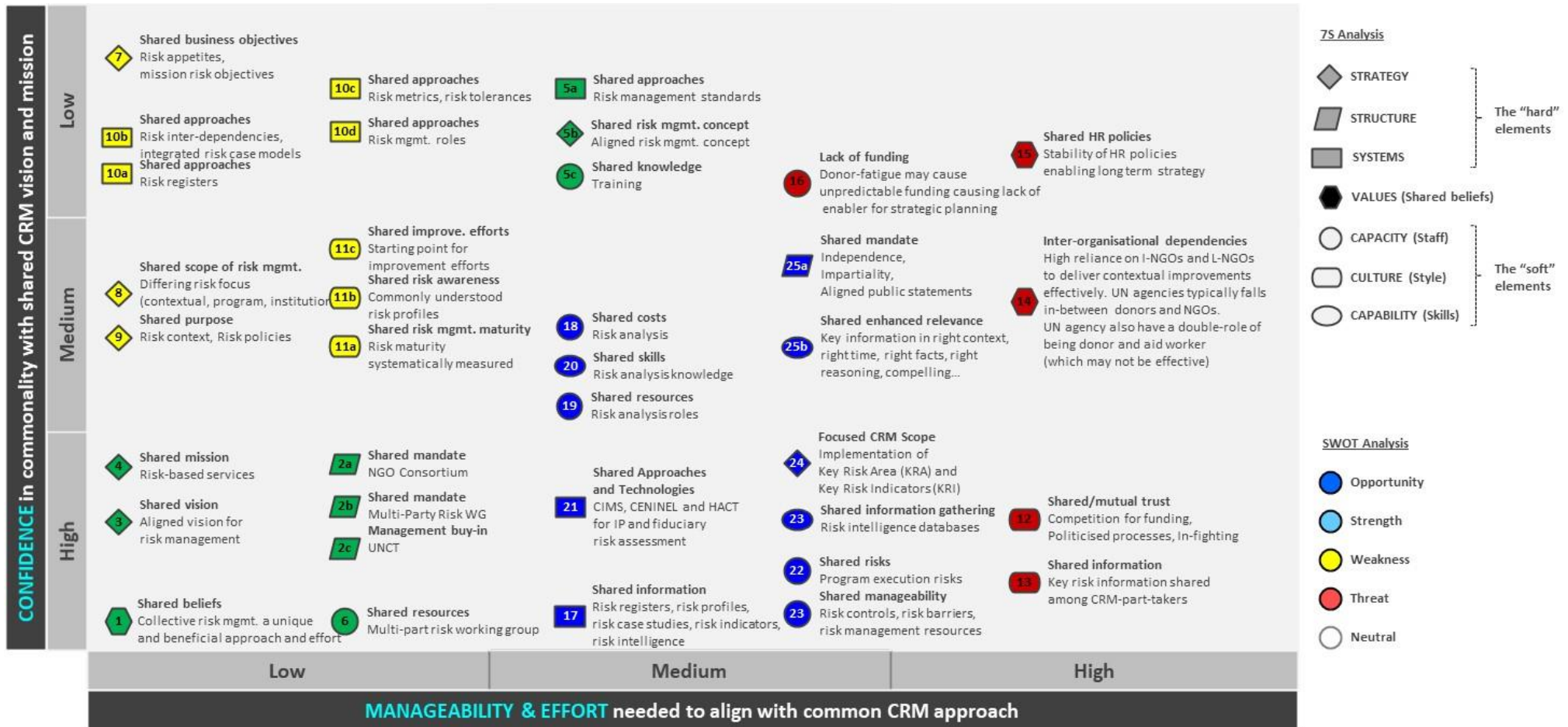


Figure 5.1a – Results Data A: High-level summary diagram of the 7S/SWOT analysis

Attachment to Figure 5.1a (explanation of how to correctly read / interpret Figure 5.1a)Multi-dimensions / Colours and Number codes

Figure 5.1a depicts a 4-dimensional diagram. That is, it shows two dimensions related two separate aspects: i) *project execution* (x and y axis); and ii) *subject matter* (shapes and colours):

- The *project execution* aspects: the two independent aspects versus each other: degree of MANAGEABILITY/EFFORT needed to achieve alignment with a common CRM strategy (x-axis), versus, CONFIDENCE in commonality with the *shared vision & mission* (y-axis),
- The *subject matter* aspects: level of SWOT for each of the 7S elements: *strategy, structure, systems, values* (shared beliefs), *skills* (capacity), *staff* (capability), and *style* (culture) – all differentiated with the different shapes. These two aspects, or these 4 dimensions, are evaluated in the context of the main elements of the general-purpose risk management – i.e. using ISO 31000 and COSO as thought models (Appendix B2), producing the results as shown in Figure 5.1a/b and Figure 5.2a/b (short form) and further described under Section 5.1.2 (long form).

The shapes: These CRM related elements have been categorised into the 7S elements: STRATEGY, STRUCTURE, SYSTEMS, VALUES (shared beliefs),

SKILL (Capacity) and STAFF (capability) – depicted by the different shapes.

The colours:

Then, a SWOT analysis was performed in relation to these 7S categories, producing a degree of alignment / mis-alignment – rated as: OPPORTUNITY (blue), STRENGTH (green), WEAKNESS (yellow), TREATH (red). STRENGTH and WEAKNESS are factors which are already manifested within the organisation(s) studied – describes an *as-is / present state*. OPPORTUNITY and TREATH are factors which are not yet manifested but have a potential for it – i.e. describes a *could be / future state*.

The numbers:

For ease of reading and referencing, the shapes on the have been sequence-numbered (1-25) in the same way that the long-text version has been described under Section 5.1.2, subsection “CRM strategy elements (Long-long-text version)”. (Note that some shape-numbers also have an alphanumeric letter added to it and just forms part of that number is attached to – i.e. as multiple topics).

What is an ideal result?

The most ideal situation would be to have only blue coloured shapes appearing within the down-left corner. However, *threats* versus *opportunities*: The identified threats and

in most cases can be viewed as potential opportunities – i.e. as by default and in principle there is an element of opportunity with every element of risk, and vice versa.

How to interpret of the results:

For ease of reading, Figure 5.1a is a short summary of section, Output part A1, which also have a short and long version. These results are not to be viewed as action items to be taken. They are simply just a result of an as-is-analysis. It requires some simplification to

what is doable, and such is already incorporated within the strategy and its proposed implementation plan.

Part A1.1b: Results of the 7S/SWOT analysis: Strategy Elements (short text version)

Note that the below headings refer to the 7S elements / shapes in [Figure 5.1a](#).

Short summary for the “hard” elementsSTRATEGY

The assessed organisation’s RM vision and mission are mostly rudimentary described or not at all. RM objectives are typically not clearly linked to the organisations’ mission objectives. The RM scope, focus, and policy – including risk appetite and tolerances – are undefined or unrelated to the risk assessments and their rankings.

STRUCTURE

The RM governance structures, mandates and reporting lines are usually well defined but lack independence and are highly variable across the stakeholders – does not follow same principles for this. How risk management is incorporated into the organisation, such as accountability and risk ownership, is also highly variable. The meeting platforms and reporting procedures appears reasonable, but lacks in the use of precise risk metrics, and in some

cases are flawed. For example, a 25% likelihood for a high impact event was rated as yellow. The risk related information is fairly transparent with own organisations but not widely well understood. There are usually three layers of defences (1st, 2nd and 3rd – as operation, management, and internal audit), but appears as weakly connected or interrelated.

SYSTEMS

The governing described risk management procedures, standards, methodologies, tools, systems appear to be in line with the recognised risk managements standards, and has even been updated, upgraded or re-worked. That is a good sign. However, they are typically highly generic, wordy, and non-adapted to own organisations’ real factors.

Short summary for the “soft” elementsCAPACITY (Staff)

Organizational roles related to risk management and analysis ranges from well defined, with full time dedicated resources for it, to no roles at all defined for it, to in several other cases, risk management works comes as an embed responsibility within other job roles (project manager, line manager, quality manager, operations, other). In several cases, organizational hours spent of risk management matters appears under-devoted.

CAPABILITY (Skill)

Only several cases, skills needed to identify, assess, communicate, and manage risks appears to comply with the approved procedure. However, due to the complex risk positions the Somalia aid stakeholders are exposed to, more advanced skills are needed. Hence, more advanced or enhanced risk management and analysis capability

would be needed. For instance, the concept of *risk confidence*, *risk barriers*, and *risk manageability* are generally not understood. Understanding of *risk controls* is somewhat better, but higher would be needed.

CULTURE (Style)

Clearly, with the preceding items described above, favourable risk culture and risk management maturity is not prevailing. However, the most objectionable factor is the severe lack of willingness or ability to share information among the Somalia aid stakeholders. The produced risk-based information is generally not influencing senior management to large degree. Transparency, risk-sharing, risk taking, risk prudence, and risk-based strategies; are lacking. Attitudes of solidarity versus sociability is not prevailing. Risk management maturity level are low throughout.

Short summary for the “shared” elementVALUES (Shared beliefs)

As known from general theory of original alignment – including multiple teams, projects, programs, collaborations, etc. – the starting point for such, central argument, or uniting factor, etc. - most fundamentally are the fundamental beliefs, values, attitudes, trust, etc. This

is what is not united upon because has not been embedded for risk management. Such needs to address ethics of care, obedience to consensus standards, and reason of tolerability to risk-positions – including the moral and legal aspects of not adequately responds to know risk – i.e. that people in power are accountable to apply the knowledge they have.

Part A1.1c: Results of the 7S/SWOT analysis: Strategy Elements (long text version)

Note that the below numbered items are references to numbered items within [Figure 5.1a](#).

The present state (as-is)***The Strengths (to be taken advantage of)***

- [1] **Shared recognition of collaborative risk management (CRM) strategy** being an advantageous way forward. If the parties are able to establish consensus on a common CRM vision and mission, then then a significant opportunity has arisen.
- [2] As a consequence of item 1, established consensus for **common collaboration platforms** – i.e. such as the “NGO consortium” (Item 2a), the “multi-party risk working group” (item 2b), Risk reporting to UN Country Teams (UNCT) (Item 2c). Obvious low hanging fruits from these are several: the two most significant ones are shared resources (Item 19) and shared risk intelligences (Item 17).
- [3] As a consequence of item 1, UN Risk Management Unit (RMU)ʼs **initiative taken to lead in progressing the CRM agenda**: establishing a formal and inclusive collective risk management vision, mission and strategy for the mainstream Somalia aid community – i.e. including donor organisations and donor countries (embassies), UN agency organisations, international NGOs and local Somalia NGOs and implementation partners. See the proposed CRM vision and mission under this documentʼs **Section C5**.
- [4] UN RMU has an already **established mission of delivering risk analysis as a service to other CRM part-takers**: UN agencies and have several successful references for such – covering multiple risk areas: i.e. contextual risks, program execution risks, corruption risks, and institutional risks. Clearly, the enabler for these achievements are some excellent resources within the RMU team: two data researchers, two risk analysts, an NGO coordination officer and an experienced Head of Section who is the main driver of the CRM agenda.
- [5] **All part-takers** in this survey/assessment have in place some form of **formal risk management process**. Although in some instances only rudimentary described, and with others more advanced, they all resemble the most basic elements of ISO 31000 and/or COSO. This situation leaves some starting basis for shared approaches and concepts, as well as initial stage training for the new CRM driven risk management.
- [6] For the time being, although we recognise this not as a strong factor, connected with item 3, we can already here account for some level of sharing of resources.

The Weakness (to be suppressed)

- [7] **Differing organisational objectives** leading to differing risk areas focus - i.e. humanitarian aid, infrastructural development, institutional development, program execution, fiduciary, and corruption.
- [8] **Differing scope of risk management**: some focus more on Somalia on-the-ground contextual risks, others on program execution risk only, and a majority on corruption and fiduciary risks.
- [9] Risk culture affecting the **on-the-ground risk policies**: Example: a donor organisation typically have strings attached to the donated funds which comes along as “**compliance requirements**” – e.g. such allocated funds can only be used within a certain territory, funds shall be given to a receiver (with all valid, names, numbers, etc.), funds can only be used for a highly specific humanitarian or development purpose, etc.. However, in practice, such type of compliance requirements may very well not be possible to comply with. The donorʼs compliance management policy ensures the funds being withdrawn in case of out-of-compliance-risks tolerance levels. This is then an example of the donorʼs own risk is overruling the contextual survivability risk on the ground. Rising questions would be: whose / which risk policy ought to be complied with? Can the aid community on the one hand claim to help the people on the ground, and on the other hand not accept the reality on the ground – i.e. the risks as-is.
- [10] **Differing understanding of risk managementʼs usability** and applied concepts: For example: i) others have not any risk registers in place, whilst others have both advanced and actively in use (Item 10a); ii) some are highly aware of the complexity of the real risk exposure, whilst others have little understanding of what is actually facing the organisations efforts to achieve mission objectives (item 10b); iii) highly different risk metrics and methodologies (item 10c); iv) some of the surveyed parties does have a defined and dedicated job roles for it, whilst others have not (often in combination of compliance management, quality or other) (Item 10d);
- [11] **Risk Culture**: i) Generally **low level of maturity** for value adding risk management practices. However, there are some exception from this, but few only (item 11a). Note that the maturity level is measured using the tool as described by **Appendix C4**). The main contributing factor such low level is

predominantly riven by other identified organizational internal factors such as high competitions for survival, lack of stable HR policies, top-down driven changing objectives and priorities, and unpredictable program funding; ii) Fairly **variable interpretation of the true picture risk profile** (Item 11b). This is driven by several other identified organizational internal factors: predominantly such as differing scope of risk

management and lack of multi-variate risk case modelling (i.e. looking only at risks items as single point of management); iii) Although this CRM strategy implementation initiative is both a strength and an opportunity, it's **catalysts for improvements** came from an entity outside of the group of the CRM part-takers (i.e. Transparency International) – this with a sole focus on corruption as the only source of risks.

The future state (could be)

The Threats (to be mitigated)

[12] An overall environment of widespread and general **lack of mutual trust** among entities (12a): Key indicators for this are apparent: i) unwillingness to share information across organisations – even also sometime within organizations (12b). Such may be due to: a) politicised work processes with significant in-fighting that fragments and/or hinders processes producing long term sustainable efforts towards stated objectives; b) regime of command and steer hierarchy to control status; c) Hard in-fighting for budgets to continue organizational survival; and d) Significant competition among several of the actors within the aid community hinders the flow of information which would be need for effective collaborative risk management; e) Risk management legacy from the past lead to lack of trust: risk management and analysis has been overly associated with risk of corruption, fraud and fiduciary issues to such an extent that the wider risk perceptive of risks, as well that of the general purpose risk management, has been narrowed down to mutual lack of trust among parties.

[13] Connected with item 12, **lack of willingness to share information** among, aid organisations avoid sharing

of information across and even within own organizations are at hindrances. Typically induced by fierce competition among actors.

[14] Despite the Item 12 (above), high inter-organisational dependencies in order to achieve overall neutralisation of the long-term contextual risks on the ground of Somalia. Generally, risk arises on the ground (Somalia context), it then translates further to humanisation or development programs introducing new risks. Attached to these programs are compliance risk requirements which may not be realistic to fulfil in practices, giving rise to new risks.

[15] HR policies: for several of actors, **unstable human resource policies** create an environment of job insecurity, hindering the long-term stable efforts needed to succeed with an effective collective risk management approach.

[16] **Lack of funding** is a fair and clear risk: as Somalia humanitarian and development contextual risks on the ground or institutions continues to remain the same or provide lack of progress, “Donor-fatigue” could very well kick in and funds are being withdrawn. This phenomenon is well known.

The Opportunities (to be exploited)

[17] **Sharing of risk related information** among the CRM part-takers enables the possibility of greatly enhancing the risk intelligences at individual and collective level. In the case of Somalia aid efforts, this is opportunity is particularly present as the Somalia aid community risk profile is not only highly complex but also highly inter-dependent on multiples of singular risk items acting in parallel or simultaneously. Hence, neutralising a singular risk item will in many cases not alter the total risk-position significantly as a multi-variate approach would be needed. Generalised example: the Somalia contextual risks exposure on the ground are the 1st line / primary demand-driver for all Somalian aid activities – this, for all partakers of the humanitarian, development or other value chain. The 2nd line / stage aid efforts would then be the programmatic activities – i.e. which are there to relieve the

situation on the ground, hence also secondary risks. The 3rd stage / line are the donors who provide funding of programs. Within these 3-stage value chains new risk ownership are created related to fiduciary, fraud, corruption, program inefficiencies, etc.

[18] **Sharing of costs** among the CRM part-takers is a significant advantage as the risk analysis can be fairly complex involving significant research. In such or many cases highly specialised risk case studies could/would be needed, requiring specialised external resources (contractors). The co-financing of such is obvious advantage.

[19] Highly similar to item 16 (above), **sharing of resources** among the CRM part-takers is a significant advantage as the risk analysis can be fairly complex involving significant research. In such or many cases highly specialised risk case studies could/would be needed, requiring specialised, other or more internal

resources. The co-contribution of such is obvious advantage. Such resources could go beyond purely personnel resources, but also technologies, experiences, coordination, support, subject matter leadership, etc.

- [20] Clearly, **shared skills** are unavoidable outputs from the collaborative approach – i.e. in which all participants benefit from. This is so since enhanced risk case studies will be carried out in a collaborative way, leaving all-participants with the opportunity to learn from it. As the Somalia aid community is highly specific knowledge driven, it follows the opportunity to strengthen own organisational knowledge.
- [21] **Shared approaches:** the development of effective tools takes significant time, efforts, budget and skills-resources. RMU's use of CIMS and CENINEL are examples of tools needed for partnership risks assessments and may serve as a good basis of further development of such capabilities. Similarly, HACT is similar good initial stage bases for the further development of fiduciary risk assessments.
- [22] **Sharing of risks** are obvious benefits. It requires though that the risks shared are indeed held in common.

[23] **Shared information gathering** multiple heads and hands can work better than one/few. Gathering and validation of data is a major part of any risk management and requires a structured, systematic and significant effort in order to produce valuable results.

[24] **Shared risk manageability:** as multiple of risks are shared, logically so are also the risk manageability (budgets, skills, resources, technologies, controls, and risk barriers).

[25] **Shared mandate:** a collective risk management approach should provide enhanced opportunity for impartiality and independence – factors which are critical for the production of unbiased and fuller risk descriptions (item 25a). **Shared enhanced relevance:** As the Somalia aid community is highly specific knowledge driven, it follows the opportunity to strengthen own organisational relevance. That is, to enable to continual production of provide relevant key risk information, with right context, with right facts, with compelling line of reasoning, to senior management as and when needed (Item 25b).

5.1.2 Part A1.2: Results of the 7S/SWOT analysis: Capacity and Capability Assessments

			Strategy		Structure		Systems		Staff		Skills		Style		Shared values	
			S1-Q1	S1-Q2	S2-Q1	S2-Q2	S3-Q1	S3-Q2	S4-Q1	S4-Q2	S5-Q1	S5-Q2	S6-Q1	S6-Q2	S7-Q1	S7-Q2
D	Sweden	4%	0	0	0	0	1	0	1	1	0	0	0	0	0	1
D	Switzerland	4%	0	0	0	0	0	0	1	1	0	0	0	0	1	0
D	USAID	0%	0	0	0	0	0	0	1	1	0	0	0	0	0	0
D	WB	9%	1	0	1	2	0	1	1	1	1	1	1	1	0	0
G	FGS	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0
N	ADRA	2%	0	0	0	0	0	1	1	0	0	0	0	0	0	0
N	NRC	4%	0	0	0	0	2	1	1	0	0	1	1	0	0	0
N	WVI	4%	0	0	0	1	1	1	1	0	0	1	2	0	0	0
U	FAO	5%	0	1	0	1	3	1	1	0	0	2	0	0	0	0
U	UN Somalia	14%	0	0	0	0	0	4	2	3	2	1	0	0	0	0
U	UNDP	0%	0	0	0	0	0	0	1	0	0	0	0	0	0	0
T	TOTAL	4%	2%		6%		9%		25%		8%		11%		2%	

High adequacy detected
 Adequacy detected
 Partial adequacy detected
 Some scattered parts adequate
 Adequacy not detected

Table 5.1b – Results Data A: High-level summary of the 7S/SWOT capacity assessment

Attachment to Figure 5.1b (Explanation of how to correctly read / interpret Figure 5.1b)

- | | |
|---|---|
| <p>S1-Q1: Is there a clearly defined risk policy to guide the setting and execution of a risk management strategy in place, and if so, how adequate is it?</p> <p>S1-Q2: Is there a clearly defined scope of risk management that is commensurate with the overall policy and vision, and if so, how adequate is it (...including risk appetite/prudence and tolerances)?</p> <p>S2-Q1: Is there a clearly defined accountability for risks and lines of reporting of risks and if so, how adequate is it? Is there a clearly defined roles and responsibilities for the management and coordination of risks, and if so, how adequate is it?</p> <p>S2-Q2: Is there a clearly defined risk management framework – describing organisational principles and processes, and if so, how adequate is it? Is there a clearly defined risk management standard – describing generally the risk identification and assessment principles and methodologies, and if so, how adequate is it?</p> <p>S3-Q1: Are there clearly defined risk management procedures – describing specifically risk identification and assessment principles and methodologies using tools and systems – this far various key risk areas (financial, strategy, program execution, HSE, Quality, IT, security, etc.), and if so, how adequate is it?</p> <p>S3-Q2: Are there evidences effective risk registers in place, or other procedures, or risk regular reports, that enables the structured and systematic tracking and analysis of risks, creating basis of useful communications of risks, and if so, how adequate is it?</p> | <p>S4-Q1: Are there sufficient capacity (allocated people resources) in place to actively identify and assess the organisation’s risk exposure, and if so, how adequate is it?</p> <p>S4-Q2: Are there sufficient capacity (allocated people resources) in place to actively manage the risk exposures that the organisation is exposed to, and if so, how adequate is it?</p> <p>S5-Q1: Are there sufficient capability (people’s competency and skills) in place to actively identify and assess the types of risks being exposed to, and if so, how adequate is it?</p> <p>S5-Q2: Are there sufficient capability (people’s competency and skills) in place to assess the adequacy of the risk management function, and if so, how adequate is it?</p> <p>S6-Q1: What is the level of risk management maturity (See Figure 4.1b)?</p> <p>S6-Q2: What is the type of risk culture (See Figure 4.1c)?</p> <p>S7-Q1: Is there a clearly defined vision and mission for the management scopes, and if so, how adequate is it?</p> <p>S7-Q2: Is there a clearly defined set of purpose, values and beliefs for the risk management function, and if so, how adequate is it?</p> |
|---|---|

5.1.3 Part A1.3: Results of the 7S/SWOT analysis: Risk Culture and RM Maturity Assessments

Part A1.3a: RM Maturity Assessments

GENERATIVE (Score 3)	High individual awareness to create value through collaboration.	Process in place that continually optimise on risk and opportunity positions.	Process in place that continually optimise on sustainable and gains strategic value.	Effective tools in place tailor-fit / designed to create value strategic and operational value.
IMPROVING (Score 2)	Clearly defined process and improvement strategy. Team works effective.	Continuous process improvements to de-escalate risk-positions.	Continuous process improvements to exploit risk/opportunity-positions.	Well understood and adapted risk metrics and actively used tools to guide risk management actions.
STATUS QUO (Score 1)	Command and control maintain hierarchy and current status.	Aim is to maintain control status quo.	Controlled by the squeezing of budgets.	Avoids change transformational leadership.
DE-GENERATE (Score 0)	Individual statements at high variance with public ones.	Politicised processes with in-fighting that fragments and/or hinders processes.	Own interests /ambitions /risks overrule the interest of the collective effort and/or business objectives.	Key procedures and frameworks highly "wordy", general and un-adapted to ow organisation.
Level of Maturity	People / Culture	Processes / Managerial	Professional / Information	Methodologies / Technologies

Figure 5.2a – Results Data Set B: High-level summary diagram of the risk management maturity assessment Risk Culture

Part A1.3a: Risk Culture Assessments

Individual values and beliefs and attitudes towards risk are affected by the wider overall culture of the organisation. For this the Sociability versus Solidarity model-tool (IRM, UK) were applied. It considers culture in relation to two key dimensions: i) people focus - based on how well people care, and ii) task focus - based on goal orientation. The model outputs four distinct organisational cultures:

- 1 Networked (high on people focus, low on task focus)
- 2 Communal (high people, high task)
- 3 Mercenary (low people, high task)
- 4 Fragmented (low people, low task).

The numerical value was obtained as shown by Table 5.2b and plotted in Figure 5.2b.

			Socialbility (Y)		Solidarity (X)	
			Low	High	Low	High
D	Sweden	0 1	-2.0	2.0	-2.0	3.0
D	Switzerland	0 0	-2.0	2.0	-2.0	2.0
D	USAID	-3 -3	-4.0	1.0	-4.0	1.0
D	WB	-2 -2	-3.5	2.0	-3.5	2.0
G	FGS					
N	ADRA	1 1	-3.0	4.0	-2.0	3.0
N	NRC	-1 -1	-4.0	3.0	-4.0	3.0
N	WVI	-1 -1	-3.5	2.5	-3.5	2.5
U	FAO	-1 -1	-3.0	2.0	-2.5	2.0
U	UN Somalia	1 -1	-2.0	3.0	-4.0	3.0
U	UNDP	-2 -2	-4.0	2.0	-4.0	2.0

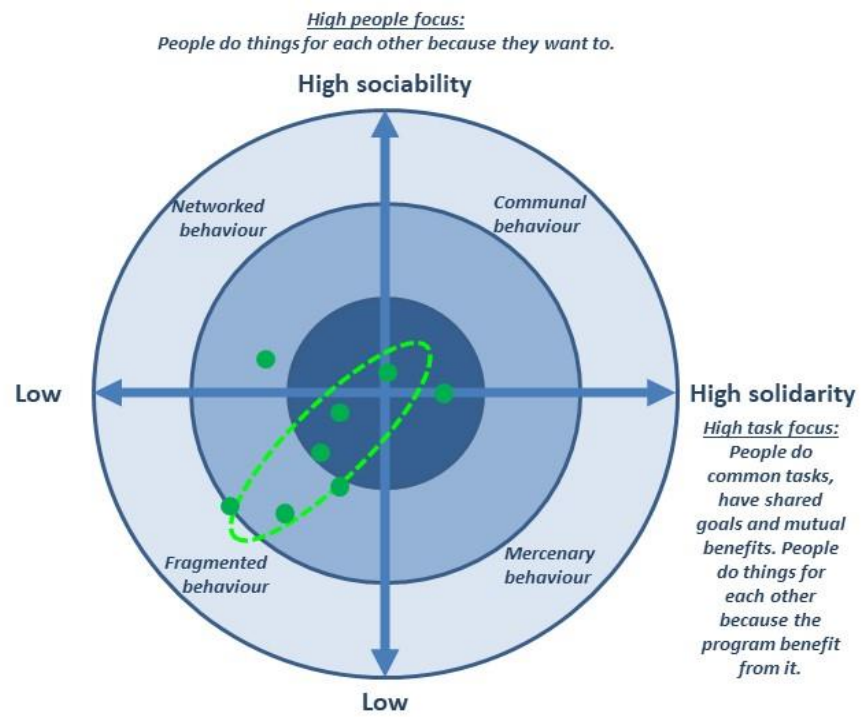


Figure 5.2b – Results Data Set C: High-level summary diagram of the risk culture assessment

5.2 PART A2: STRATEGY DEVELOPMENT, PRODUCING A CRM STRUCTURE

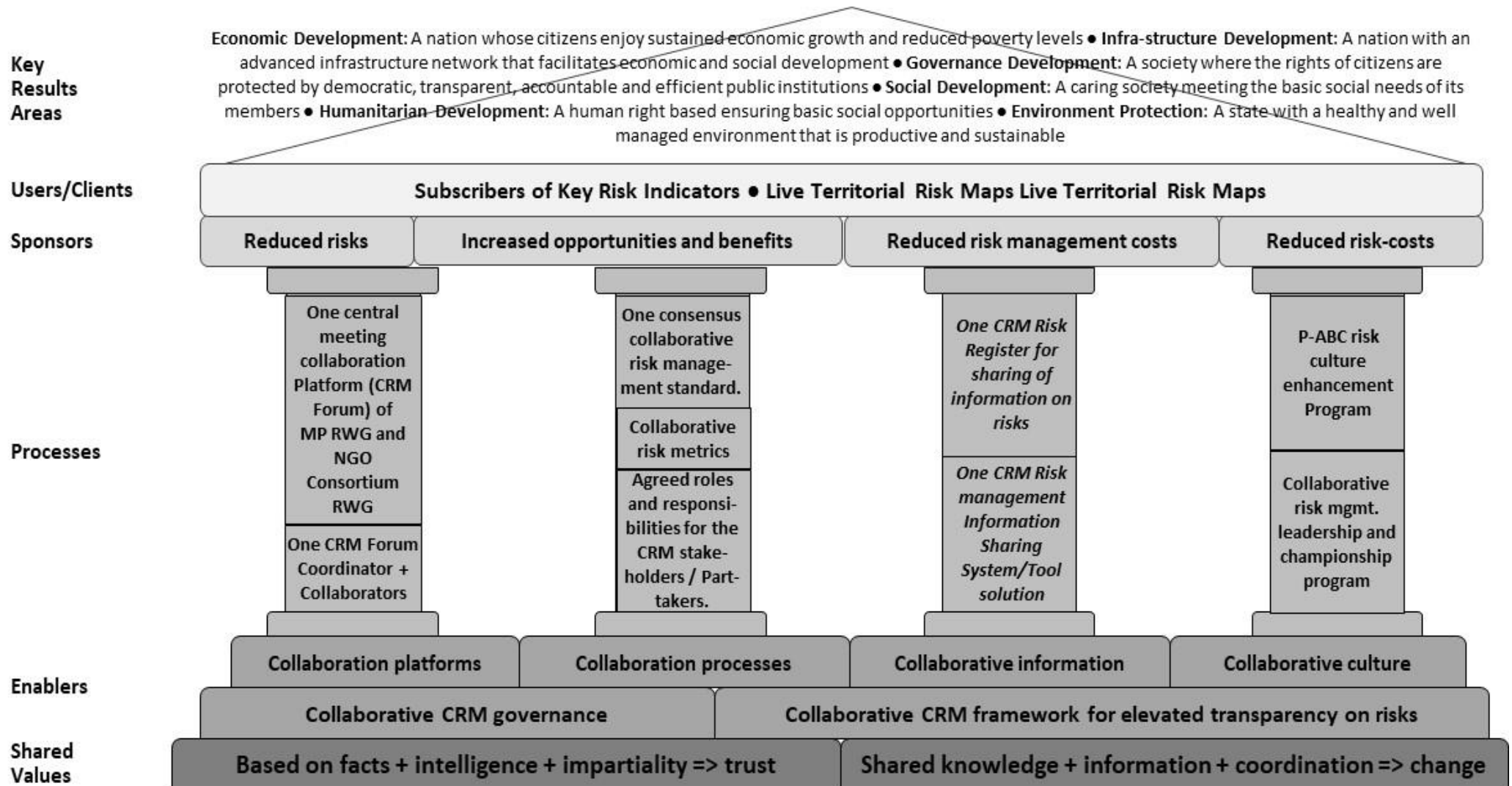


Figure 5.3 – Strategy Map

5.3 PART A3: STRATEGY DEVELOPMENT, PRODUCING THE PREMISES FOR FORMULATING THE CRM VISION/MISSION

Constraints and Degrees of Freedom

- | | |
|--|--|
| <ul style="list-style-type: none"> (1) Make use of existing budgets – no added budget - scarcity of funding prevails (2) Make use of existing resources and - no added resources (3) Make use of existing tools and systems to the extent possible, as well as explore new systems and/or tools that can be used collaboratively (4) Make use of existing CRM stakeholders – which is the entire aid community, represented by the selected organisations in the MPRWG, aiming at bringing the private sector on board. (5) Make use of existing forums - no new forum to be formed- i.e. as MPRWG can be used for this purpose and are already fulfilling this role. However, due to the diversity of different organisations and their differing legal requirements, establishment of new fora with responsibilities ought to be implementable – this, being complementary to the current CRM Forum, MPRWG. | <ul style="list-style-type: none"> (6) Sharing resources in terms of tools, ideas, practices, knowledge is much welcomed by the CRM members key in implementation of the CRM strategy, and of course, can only benefit the CRM approach. (7) Initially, the CRM participants idea was to share full-time risk management personnel resources from and among the CRM participating stakeholders, aiming at establishing a one stop-shop for providing independent risk management services across aid community. However, this view was later reversed, resulting in that sharing of resources not being welcomed by the CRM members. (Anyway, the author of this document would recommend that this latter view being reconsidered in order to further explore the avenue of possibilities and opportunities going forward with shared resources). |
|--|--|

Assumptions

- | | |
|---|---|
| <ul style="list-style-type: none"> (8) “Collaborative” in this CRM context means predominantly to cooperate in the gaining of higher understanding of risks by sharing information about them more than before (9) Risks exposures are typically severe, complex and interdependent forming multiple interconnected webs of risk positions that are shared or of comment type. (10) Contextual risks, programmatic risks and institutional risk are three main categories of equal priority (11) The CRM stakeholders are the general Somalia aid community (donors, UN agencies, NGOs, | <ul style="list-style-type: none"> partners, Agencies of the Federal Government of Somalia). Anyone within this. (12) Common CRM approach is a strategic need and initiative (13) A CRM vision shall be based on a 3-year look-ahead, so also the mission statement (14) The CRM vision needs to aim at the achievement of the aid organisations of key result areas – a common denominator for such needs to be served. (15) Shared understanding of good practice risk management is what is preferred over shared estimations of individual risk-positions. |
|---|---|

Critical Success Factors

- (16) Higher information sharing among the CRM part-takers

Shared Benefit

- | | |
|---|--|
| <ul style="list-style-type: none"> (17) Higher knowledge of risk-position is key to unlock hidden potentials or opportunities through the re-balancing of the humanitarian and development efforts to where such are most needed. Higher risk-averseness is welcomed as risk-positions are better understood | <ul style="list-style-type: none"> (18) CRM Forum shall primarily serve as service for its users, delivering risk-based services to members of the Somalia aid community. |
|---|--|

5.4 PART A4: CRM VISION AND MISSION

The CRM Vision and Mission forms part of the CRM Strategy. Therefore, please see the document Part B – i.e. Collaborative Risk Management (CRM) for the aid stakeholders of Somalia: Strategy (Part B of A/B/C).

5.5 PART A5: CRM RECOMMENDATIONS

The CRM Recommendations forms part of the CRM Implementation Plan. Therefore, please see the document Part C – i.e. Collaborative Risk Management (CRM) for the aid stakeholders of Somalia: Strategy (Part C of A/B/C).

5.6 PART A6: CRM STRATEGY

Due to the high-volume content, please see the document Part B – i.e. Collaborative Risk Management (CRM) for the aid stakeholders of Somalia: Strategy (Part B of A/B/C).

5.7 PART A7: SWOT ANALYSIS OF THE CRM IMPLEMENTATION PLAN

The below is a SWOT analysis of the current state CRM initiative and a section on how to exploit the SWOT-positions. Its results are being considered in the context of used for implementation planning.

As-is analysis

Strengths

- (1) The CRM parties have recognised the need for a collaborative approach – this, due to the situation of having common / overlapping risk positions.
- (2) The CRM parties have recognised the need for a collaborative approach – this, due to the complexity with multi-variate risk case positions.
- (3) The CRM parties have recognised the need for a collaborative approach – this, due to the need for adding more value in terms of risk intelligence, to its own organisation as part-taker of the CRM approach.
- (4) The majority of the CRM parties have dedicated risk management resources within their own organisation.
- (5) The majority of the CRM parties have at least some risk management practices in place.

Weaknesses

- (6) The CRM parties lack of earlier experience with collaborative risk management approaches
- (7) The CRM parties have differing business / organisational objectives, creating basis for diverse risk management objectives.
- (8) Among the CRM parties, lack of up-front stable and full funding for the CRM strategy
- (9) Among the CRM parties, lack of full up-front buy-in from key stakeholders
- (10) Among the CRM parties, lack of experience with multi-variate risk case positions analysis
- (11) Lack of experience with risk sharing.

Neutralization of the weakness- and threat-positions

The below numbered points made refers to the SWOT analysis done in previous sub-section.

The weaknesses

- (6) carry out a 3-staged, simple and pragmatic approach to work packages to be implemented. Ensure continual training is built into the plan.
- (7) establish a diverse set of Key Risk Areas (KRA), as well as associated KRIs and KRPs – i.e. accommodating differences in risk management objectives.
- (8) establish a buy-in from key donors and key CRM parties.
- (9) host meetings to better explain the benefits of the CRM approach. Be sensitive and humble for feedback.
- (10) hire people who have such experience and train key personnel in such type of risk analysis. Demonstrate the power and benefits of multi-variate risk case models.

- (11) Demonstrate the power and benefits of how sharing of risk leads the CRM parties to a higher risk intelligence position.

The threats

- (12) Demonstrate the power and benefits of how sharing of risk leads the CRM parties to a higher risk intelligence position.
- (13) Allow CRM parties to contribute differently. However, during first phase, focus on the CRM parties that are willing contribute and allow a higher level of influence from them. Allow parties to come along in their own paste.
- (14) Ensure that the right people are allocated for the right roles. People's experience, skills, competencies and values are critical success factors.

Could-be analysisOpportunities

- (15) CRM parties' willingness participate in a shared collaborative risk management approach and demonstrate such by allocating resources, share information or allocate budgets to the initiative.
- (16) CRM parties' spirit of collaboration may overpower small or large difference in risk management practices.
- (17) Buy-in from key donors.
- (18) Support from CRM parties' senior management

Threats

- (19) Some of the CRM parties may be unwilling to share sufficient information. This could be so due to several reasons: predominantly due to severe competition for funding. However, this pressure-situation is variable across the types of CRM part-takers.
- (20) Some of the CRM parties may be unwilling or unable to contribute sufficiently to the common CRM effort. However, it is expected variable contributions from the CRM partners – i.e. to variable access to resources.
- (21) Constraints causing lack of dedicated and competent / experienced leadership for the initiative, preventing the effective progression of the implementation plans. Such constraints may be budget, resource availability, opportunity, other.

Exploitation of the opportunities- and strength-positionsOpportunities

- (1-3) Emphasize and magnify these needs.
- (4-5) To the largest extent possible, seek to utilise such resources.

Strengths

- (12) To the largest extent possible, seek to exploit such opportunities.
- (13) Focus on what the CRM parties have in common and seek to the largest extent possible to exploit such opportunities.
- (14) Ensure key donors and allow for more influence from such donors.
- (15) Ensure key stakeholders' interests are ensured very well.

5.8 PART A8: CRM STRATEGY IMPLEMENTATION PLAN

Due to the high-volume content, please see the document Part C – i.e. [Collaborative Risk Management \(CRM\) for the aid stakeholders of Somalia: Strategy \(Part C of A/B/C\)](#).

SECTION 6 DISCUSSIONS ITEMS

6.1 DISCUSSED ITEMS (D)

Five key discussions are made for furthering of the perspective of the effective implementation of CRM, itemised under following headings:

- D1* About why collaborative approach is needed
- D2* About unmitigated strategic risk positions leading to loss of achievement of mission objectives
- D3* About the strategy of downward transfer of corruption risk towards end-user
- D4* About severe, complex, and inter-dependent types of risks
- D5* About direct funding interception risks
- D6* D6 – About poor risk manageability, controls, and confidence

D1 - About why collaborative approach is needed

CRM is on the one hand a noble approach within the risk management profession, and on the other hand, is a highly needed one by the risk-stakeholders of Somalia since the types of risk exposures for these aid providing organisations are largely shared amongst them, as well as being severe and highly complex, and have multi-interdependencies. Due to this, the aid organisations individual efforts on risk management inevitably have and will result in being on the lagging side of the ever on-coming new and emerging risk positions. Although the main topic of this study is how to best succeed with CRM,

and only a minor topic is various risk-positions the collaborative risk management, the predominate types of risk exposures needs to influence the chosen CRM approach to be taken. As this study have revealed, as well as earlier studies, as well as current risk-positions, that corruption risks are central throughout all the aid providing organisations. Such is embedded within the wide array of humanitarian, development, and peacebuilding efforts in Somalia. However, corruption risks are indeed not the only one.

D2 - About unmitigated strategic risk positions leading to loss of achievement of mission objectives

In principle and by default, the Somalia aid organisations' overall mission are primarily tasked to mitigate the contextual risks on the ground in Somalia – i.e. risks external to own organisation. However, much of the risk management efforts are predominantly focused on own organization's internal risks exposures – i.e. competing for attention with the external ones. To some large extent, the risks directly associated with aid organisations' overall mission objective, which is generally to somehow improve the Somalia contextual situation on the ground and in-line with their individual mission objectives, have some extent been derailed by internal corruptions risks. So, in this way,

individual risk management focus has become inward focused as opposed to what the external mission objectives is focused on. As a result, the Somalia aid providing organisations is exposed to the evolving common strategic risk of losing relevance due to not sufficiently handling of the Somalia on-the-ground contextual missions' risks. An CRM approach is not only needed, but perhaps rather urgent. As of today, individual approaches stand without major contributions to the mitigation of more strategic risk positions that Somalia is still facing.

D3 - About the strategy of downward transfer of corruption risk towards end-user

Figure 6.1a/b provides a general in-principle pattern illustration of flows of aid funding along with the three main risk categories (institutional, programmatic, and contextual).

It is the funds that are supposed to do the aid work, reaching the aid organisation's mission objectives. The predominant risk culture is focussing in fiduciary and corruption – i.e. the risks of allocated funds not reaching its intended mission objectives (humanitarian, development, and peacebuilding).

From first principles of general purpose organisational risk management, its purpose is to sustain the achievement of the organisation's vision, mission, purpose, objectives, strategy, plans, goals, etc. – this, by revealing

uncertainties of events and their outcomes, either positive or negative, for the organisation's operations or strategy. From this, it follows that when business objectives are the same, similar, or aligned the institutional, programmatic, and contextual risks would be common among the aid organisation. Hence, a collaborative approach is advantageous.

The major donor organisations do not normally donate directly to the vulnerable people of Somalia, but intermediate organisations act on their behalf. However, most of the intermediate organisation are also not close enough on-the-ground to the Somalia end-users of the funds. Hence, another front-line layer of organisations is needed for that. The typical general flow would be as per

Figure 6.1a/b. In effect, as the risks are simply transferred downwards, instead of dealing with it, growth of corruption risk are being stimulated. Another

complicating factor is the fierce competition for funding which is general ambiance across the entire Somalia aid program cycles.

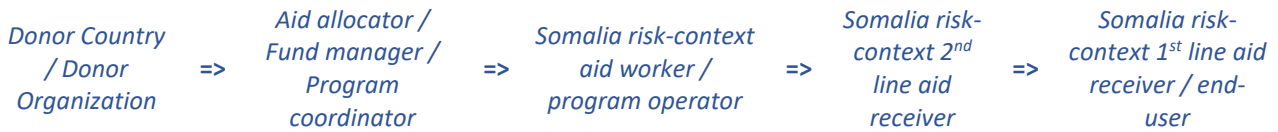


Figure 6.1a – Principle sketch of aid funds value chain

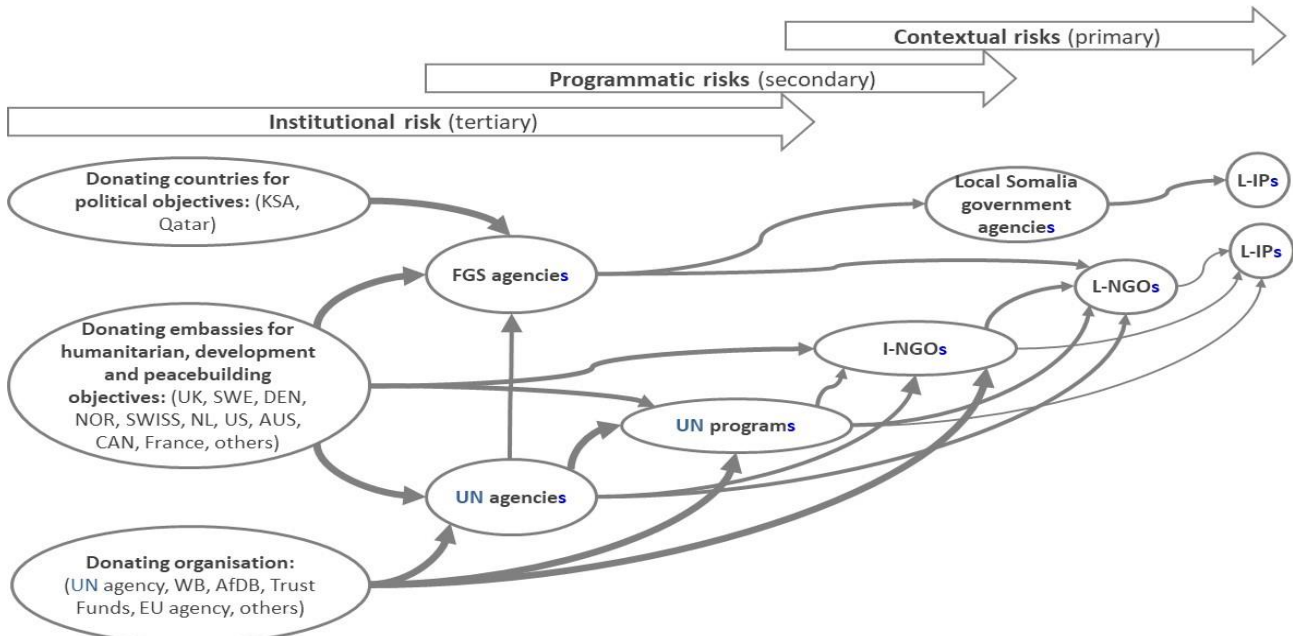


Figure 6.1b – In-principle illustration of aid funds value chain – along with main risk categories

D4 - Severe, complex, and inter-dependent types of risks

A sample operational risk register, obtained from the NRC (Norwegian Refugee Council), has been displayed in Figure 6.2.

Firstly, it reveals an environment of high-risk exposures.

Secondly, it reveals a non-aligned interpretations and categorisations of the risk items, as well as use of non-standard risk register formats. With this situation, severe, complex, and multi-party interdependent risk positions are the inevitable outcome.

Thirdly, Figure 6.2 reveals that 11 of out of total 22 registered risk items reported to senior management were categorised as the highest grade, “Extreme”. (That is: on scale from 1 to 5 for the two factors, *impact* and *likelihood*, were given a minimum rating of “4”). Here, 9 of these 11 extreme risk items had at least one of the two at rating “5” and three of them had both rated at “5”. Pertaining to *complexity*, 14 out of the same 14 of these 22 (same set of primary data) were complex in nature (i.e. risk positions with more than one-to-one relationship between causes and effects – i.e. many causes cases many effects, leading to a complex impact on the organisation). Pertaining to *inter-dependency*, all of the 22 registered risk items were external. For this, two criterions apply. i)

the source of the risk located outside of the organisations own control domain; (On this point made, take a note that only 3 of the 22 recorded risk items had its source inside own organization.) and ii) the risk mitigation measures taken to reduce own risk exposure cannot be achieved fully successfully by own organisation only.

Hence, the highly effective collaborative risk management strategy and solution is the inevitable way forward. It follows to prioritise aid for highly vulnerable populations in Somalia is the most central and risk management objectives also need to align with such. Such is already happening: new priorities related to resource programming and realignment policies provided by the National Development Programs (NDP).

The typical risk exposure for Somalia and Somalia aid community (donors, UN agencies, NGOs, partners) are indeed not only very severe or critical, but are also highly complex as individual risks items that forms part of larger webs of multiple inter-dependent risk cases that can only be combatted if higher risk intelligence are being attained by the risk management professionals in Somalia as well as the effective risk counter-measures are better understood - on both a strategic and operational levels.

#	Main risk category	Risk sub-category	Risk item description	I	L	R
1	Contextual	Political	Political pressure / Authority interference / Host community pressure	4	4	E
2			Kidnapping / Hostage / Carjacking	3	5	E
3			Assassination / Murder	4	5	E
4		Criminal activities against people or tangible assets	Attacks by IED / SVBIED / UVIED / Complex	4	5	E
5			Aerial Shelling / Military Operation	3	5	E
6	Health Safety and Security		Land Mines / ERW / UXO	3	4	MH
7		Illness and injury of staff	Outbreak of disease / Illness	4	4	HH
8		Safety hazards (accidents, natural disasters, etc.)	Road Traffic Accident	4	3	H
9			Accidental Discharge / Shooting in the air.	4	5	E
10		Social conflicts	Local Clan Conflict exposure / Exposure to various corrupt local authorities	4	5	E
11		Access / Relationships	Attacks / Directed threats towards own organisation	5	5	E
12			Insecure/Limited Access for Programme Delivery	4	4	HH
13			Beneficiaries have to bribe staff /local elites /authorities to maintain position in the distribution line	4	4	HH
14		Delivery and/or Implementation	Corruption, Fraud and Diversion of assistance	4	4	E
15			Unable to Respond to sudden onset of emergencies (natural disasters: floods, drought, etc)	4	3	H
16	Programmatic / Program Execution		Delayed Programme Delivery	4	3	H
17	/ Compliance	Quality	Capacity hinderances of National Partner Organisations	3	3	M
18				Poor Programme deciding/delivery/report/quality	3	4
19		Accountability / Corruption	Suppliers colluding to fix prices of goods and services	4	3	MH
20		Economic / Unreliable System	Unavailability of conventional international Banking Systems in Somalia.	5	5	E
21		Reputation	Government agency assertive on recruitment and procurement	4	3	H
22			Limited resources at the CO on PSEA awareness management	5	5	E
TOTAL records						

On the three most left columns: The impact (I) and likelihood (L) assessments is from 1 to 5: E: **Extreme** / HH: **High High** / H: **High** / MH: **Medium High** / M: **Medium** / L: **Low**

Figure 6.2 - Sample Risk Register for Somali Operations

D5 - About corruption risks

A zero-tolerance towards corruption risks is typically the spoken norm within the aid community but it is not so in practice. This claim is also supported by the works of TI, Stepanyan, Jacquand & Ranii, and NGO Consortium, Why? Although generally unacceptable, but from a logical risk management perspective, corruption can only be viewed as part of the risk context and therefore it ought to be treated w.r.t. impact and likelihood as any other types of risks. Unless the impact, “Loss of moral”, is being defined as a risk criterion, which is perhaps may be a good thing to do, but on the other hand, is normally difficult to define it in such a way that it could be easy evaluated consistently by multiple users. For example, the risk exposure of vulnerable populations on the ground should be the overruling risk appetite and needs to come before donor’s compliance risk requirements. Otherwise, one could not claim to fully accept the true risk context as it is on the ground. So, a risk-based approach that

differentiates risks relative to the ownership of it – i.e. as they are inseparably interdependent of each other – so that the true risk-position can be adequality understood.

Although the NGOs are typically closer to the risks on ground, reliance on local IP’s prevails. Generally, a deep-rooted culture of monitoring and policing have evolved and created some lack of trust, causing hindrances to collaborative efforts “Perhaps contrary to perceived wisdom, humanitarian resources are not only manipulated by governmental actors and national NGOs, but also as a result of the practices of international agencies.” 1, 2, 3. Due to the complexity in coordination of funds, any donor or intermediate donor, rely on other program managers / coordinators, which in turn, due to safety and security risks, relies on on-the-ground operators (local NGOs/IPs), who in turn in many cases relies on close contact end-user partners. A value chain of

1 Nov-2016; Transparency International; “Collective resolution to enhance accountability and transparency in emergencies: Southern Somalia Report”

2 2017-July; Stepanyan, Magda (MA, MSc, CIRM); “Review of Collective Risk Management System across the Somalia Aid Community: Draft Report”

3 2014-May; Jacquand, Marc / Ranii, Shelley; New York University; “UN Development System - Risk Management in Fragile States”

three or four aid actors are sometimes needed before the aid reaches the vulnerable people. In this way, the Donor's own/internal compliance requirements take priority over mission objectives for the vulnerable people. These types of risk cases are rarely singular – but mixture

of operational and strategical, as well as complex. Individual effort risk management fall short as more capacity and capability are needed to effectively combat the such risk positions.

D5 – About direct funding interception risks

An aid regime with lack of direct accessibility between the vulnerable people in need and true aid providing organisations, unavoidably leaves the funds in the hands of intermediate acting local partners. Without evidencing that the sharp rise in non-principled NGOs has been deliberate planned strategy by aid exploiters. Since direct aid funding is intercepted by intermediate “local

partners”, who are in turn typically ultimately pressurised by local criminals, the aid organization's own risk management practices have almost entirely focused on this type of corruption and fraud risk alone, leaving much lesser focus on other contextual and program execution efficiency risks.

D6 – About poor risk manageability, controls, and confidence

By default, for Somalia, the above points towards an inevitable poor level of the three RM parameters: *risk manageability, risk controls* and *risk confidence*.

The Somalia aid organisations has not fully benefitted from fully mitigating all contextual risk cases in Somalia. This, due to several factors:

- i) such could undermine their own justifications to exists there.
- ii) increasing difficulty in financing improvements to risk management efforts due to fierce of competition for funding among the aid organizations.

iii) increasing cost of risk management due it's legacy lack of efficiency; and

iv) increasing complexity of the risk positions.

Clearly, adding these factors together leads to negative perceptions about general Somali aid work with the risk of loss of credibility [49]. If this situation is not somehow reversed, it is not unlikely that the ultimate source of funding, the Donors, would be fatigued – i.e. as the Dadaab refugee camp serves as an earlier example of such phenomena. If so, re-prioritization of funds followed by downsizing across the Somalia aid organisations could be an inevitable outcome.

SECTION 7 APPENDICES

7.1 APPENDICES SET A: GENERAL REFERENCES

7.1.1 Appendix A1 – Terms of Reference (TOR) / Scope of Work

Job Scope key Attributes

Jon role:	Development of Collective Risk Management Strategy across the Somalia Aid Community	Duty station	Home based
Partner	UN Risk Management Unit (RMU)	Contract type	International ICA
Job categories	Programme Management	Contract level	IICA-3
Vacancy code	VA/2019/B5323/17983	Duration	30 Working Days (10 days Nairobi, 10 Days Mogadishu, 10 Days Home Based)
Level	ICS-11	Application period	12-Jun-2019 to 29-Jun-2019
Department/office	AFR, KEMC, Kenya		

Background Information - Job-specific

In July 2017, the UN Risk Management Unit (RMU), on behalf of UN Funds and Programmes in Somalia, Donors and NGOs, commissioned an independent review of the collective risk management system across the Somalia aid community. The purpose of the review was to assess the advancement in collective risk management system since its establishment in 2011 and provide recommendations for its further enhancement. A key recommendation emerging from the review was development of a Collective Risk Management Strategy structured / covering but not limited to the following:

- 1 The objectives of the risk collective risk management strategy and its users
- 2 Risk management principles, framework and process
- 3 Governance structure

- 4 Development and application of shared approaches, methodologies and tools
- 5 Standard requirements of due diligence
- 6 Capacity development needs for users of the strategy
- 7 Risk and information sharing

Follow up discussions at a Multi Partner Risk Working Group (MPRWG) endorsed the recommendation, among others, that the Collective Risk Management Strategy is developed with implementable and realistic results and resources plan to operationalize key recommendations emerging from the review. Subsequently, a task force was established with representatives from the UN, Risk Management Unit, NGOs and Donors to develop the outline of the Collective Risk Management. (A copy of the outline will be made available to the consultant).

Functional Responsibilities

Specifically, the assignment seeks to:

- i) Conduct consultations with different constituencies (UN, NGOs, Government, donors and private sector to develop a common understanding of collective risks across the aid sector in Somalia for effective, efficient, relevant and impactful risk management
- ii) Develop the and it implementation plan.

- iii) Make **recommendations** contributing to comprehensive, efficient and effective learning and outreach in risk management for each constituency – Government (federal & state level), UN, NGOs, private sector & donors
- iv) Make **recommendations** for mainstreaming risk management approaches for an informed decision making.

Scope of Work

Under the direct supervision of the Head of the Risk Management Unit and overall guidance of the Head of Integrated Office of the DSRSG/RC/HC, the Consultant will undertake the following tasks:

- i) Undertake consultations across the aid community partners in Somalia, on the outline of the Collective Risk Management Strategy
- ii) Establish a **vision and mission** for Collective Risk Management in Somalia
- iii) Review and mapping of stakeholder risk management institutional capacities

- iv) Draft Collective Risk Management **Strategy** - CRMS, its key objectives, key result areas, users, principles, **framework** and process of risk management, governance, funding, capacity development scope, roles and responsibilities and approach etc.
- v) Develop a **CRMS implementation plan**.
- vi) Present the draft strategy and its implementation plan to the expanded Multi-Party Risk Working group to validate the draft strategy and its implementation plan
- vii) Finalize the strategy, its implementation plan and a relevant PowerPoint presentation reflecting feedback received by the **MPRWG**.

7.1.2 Appendix A2 – List of Consultations for the CRM Strategy Study

The following consultation took place during March 2020 in Nairobi or/and Mogadishu:

1	Luiz Camago	Regional Director	ADRA Somalia
2	Pauline Lyomu	Head of Risk Mgmt.	Embassy of Sweden
3	Thomas Oertle	Regional Director	Embassy of Switzerland
4	Bakhta Boualam	Head of Risk & Compliance	FAO Somalia
5	Ham Zamberu	Director of Support	Norwegian Refugee Council (NRC)
6	Jean Ives Bonzi	Coordination Officer	Office of -DSRSG/RC/HC
7	Caroline Nyang'aya	NGO Liaison Officer	UN Risk Management Unit
8	Dirk Stoelhorst	Risk Analyst	UN Risk Management Unit
9	George Macharia	Database Development Assistant	UN Risk Management Unit
10	Marilynne Marshall	Risk Analyst	UN Risk Management Unit
11	Merita Jorgo	Head of UN RMU	UN Risk Management Unit
12	Robert Kibugu	ICT Associate	UN Risk Management Unit
13	Adam Abdelmoula	Deputy Special Representative of the Secretary General, Resident Coordinator and Humanitarian Coordinator for the UN Somalia	UN Somalia
14	Gloria Kiondo	Head of Programme Oversight and Quality Assurance	UNDP Somalia
15	Pau Blanquer	Programme Manager	UNDP Somalia
16	Ted Lawrence	Programme Manager	USAID Kenya
17	Patroba Otieno	Head of Risk Mgmt.	World Vision International Kenya
18	Simon Nyabwengi	Regional Director	World Vision International Kenya

7.1.3 Appendix A3 - List of References

- [1] 2020; World Bank - Risk Mgmt. Framework
- [2] 2020; UN RMU Somalia - Risk Mgmt for NGOs
- [3] 2020; UN RMU Somalia - CRM Strategy Outline
- [4] 2020; UN RMU Somalia - CIMS Rationale Presentation
- [5] 2020; Thomas Oertle, Regional Director of the Embassy of Switzerland; Notes from conversation March 2020
- [6] 2020; Ted Lawrence; Program Manager, USAID Kenya; Notes from conversation March 2020
- [7] 2020; Simon Nyabwengi; Regional Director; World Vision International Kenya; Notes from conversation March 2020
- [8] 2020; SDRF - Funds Risk Monitoring Plan Dashboard - Risk Update
- [9] 2020; Robert Kibugu; CIMS Analyst under the UN Risk Management Unit for Somalia; Notes from conversation March 2020
- [10] 2020; Pauline, Head of Risk Mgmt. of the Embassy of Sweden, Notes from conversation March 2020
- [11] 2020; Pau Blanquer, Program Manager; UNDP Somalia; Notes from conversation March 2020
- [12] 2020; Patroba Otieno; Head of Risk Mgmt. of World Vision International Kenya; Notes from conversation March 2020
- [13] 2020; Marilynne Marshall; Risk Analyst under the UN Risk Management Unit for Somalia; Notes from conversation March 2020
- [14] 2020; Luiz Camago, Director of ADRA Somalia; Notes from conversation March 2020
- [15] 2020; Jean Ives Bonzi; Coordination Officer under the Office of the Deputy Special Representative of the UN SG, DSRSG/RC/HC; Notes from conversation March 2020
- [16] 2020; Ham Zamberu; Director of Support of Norwegian Refugee Council (NRC); Notes from conversation March 2020
- [17] 2020; Gloria Kiondo, Head of Programme Oversight and Quality Assurance Unit of UNDP Somalia
- [18] 2020; George Macharia ; CIMS Analyst under the UN Risk Management Unit for Somalia; Notes from conversation March 2020
- [19] 2020; Dirk Stoelhorst; Risk Analyst under the UN Risk Management Unit for Somalia; Notes from conversation March 2020
- [20] 2020; Caroline Nyang'aya; NGO Liaison Officer under the UN Risk Management Unit for Somalia; Notes from conversation March 2020
- [21] 2020; Bakhta Boulam, Head of Risk & Compliance of FAO Kenya, Notes from conversation March 2020
- [22] 2020; Adam Abdelmoula; Deputy Special Representative of the UN SG, UN RC/HC for Somalia; Notes from conversation March 2020
- [23] 2020, UN WG - TOR for Risk Mgmt., Accountability and QA (RMAQA-WG)
- [24] 2019; UNDP - Guide for Engagement with NGOs under Country Based Pooled Funds
- [25] 2019; UN RMU Somalia - Capacity Building: Guide
- [26] 2019; Swiss Embassy Nairobi - U4 Workshop Report
- [27] 2019; SDRF - Joint Risk Management Strategy
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- [29] 2018; World View International Somalia - Risk Mgmt. Framework for Somalia the Context - Rev_2.51
- [30] 2018; UNOCHA - Somalia Humanitarian Fund (SHF) - Annual Report
- [31] 2018; UN MPTF and SDRF - National Funding Stream: Guide - Rev. 1
- [32] **2017; Stepanyan, Magda; "Review of Collective Risk Management System across the Somalia Aid Community": Draft Report Commissioned by UN RMU Somalia**
- [33] 2017; Somalia NGO Consortium - Review and Development of Strategy - Preliminary Findings
- [34] 2017; Somalia NGO Consortium - Review and Development of Strategy – Meeting Report
- [35] 2016; UNOCHA - Somalia Humanitarian Fund (SHF) - Annual Report
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- [37] 2016, UN RMU Somalia - Project Risk Assessment Support
- [38] 2015; Somalia NGO Consortium - Report from Capacity Building Workshop
- [39] 2015; Oslo District Court - Judgement between Dennis vs NRC
- [40] 2014; World Bank - SORT Risk Assessment Guide
- [41] 2014; UNDG - HACT Framework
- [42] 2014; Somalia NGO Consortium Strategic Plan for 2014-2017
- [43] 2014; Somalia NGO Consortium - Steering Committee Nomination – Brief on criteria for selection
- [44] 2014; Somalia NGO Consortium - Brief on Vision Statement
- [45] 2014; Somalia NGO Consortium – Brief on TOR
- [46] 2014; Somalia NGO Consortium - Brief on Mission Statement
- [47] **2014; Jacquand, Marc / Ranii, Shelley; New York University; "UN Development System - Risk Management in Fragile States"**
- [48] **2013; Somalia NGO Consortium - Report on RM and Accountability (RMA) Practices**
- [49] 2013; Somalia NGO Consortium - Report on RM and Accountability (RMA) Practices – Summary
- [50] 2012; UN Somalia Humanitarian Response Plan; Adam Abdelmoula
- [51] 2013; Somalia NGO Consortium - Report on Partnership Practices
- [52] SDRF - Funds Risk Monitoring Plan Dashboard - Risk Update
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- [54] DRC - annual-report-2018-east-africa-and-great-lakes
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7.2 APPENDICES SET B: METHODOLOGY DESCRIPTION

7.2.1 Appendix B1 – General Purpose Strategy Alignment Analysis Tool

The below is the “MacKinsey 7S model” widely well-known and accepted for measuring organizational alignment – designed to measure misalignments among multiple collaborating organisations.

Shared Values	<ul style="list-style-type: none"> – Business Objectives (for its stakeholders) – Vision and Mission
Shared Strategy	<ul style="list-style-type: none"> – Overall Requirements (ToR) – Principles
Shared Structure	<ul style="list-style-type: none"> – Governance Structure (1st / 2nd / 3rd LoD)
Shared System	<ul style="list-style-type: none"> – Risk Management Framework (processes) – Standard Requirements (of due diligence) – Functional Objectives (for its users) – Shared Approaches (methodologies, tools)
Shared Skills (Capability)	<ul style="list-style-type: none"> – Competency requirements (methodologies for risk identification, assessments, management) – Training Program (content, technical, managerial, leadership, stakeholder management)
Shared Staff (Capacity)	<ul style="list-style-type: none"> – Shared Approaches (methodologies for risk identification, assessments, management, etc.) – Capacity Development (needs / how to establish)
Shared Style (Culture)	<ul style="list-style-type: none"> – Risk Information (sources, sharing policies) – Risk Ownerships (accountabilities, need-to-know-basis, transparency, objectivity, impartiality, trust). – Risk Manageability (confidence, empowerments))

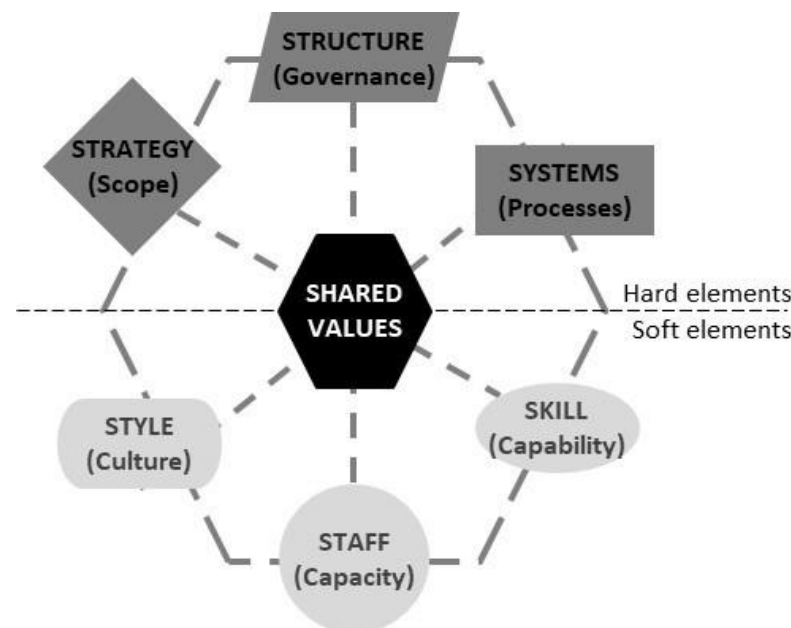


Figure 7.1 - The 7S Model

What is the purpose of the 7S/SWOT as-is analysis in relation to a future needed CRM strategy?

A strategy in principle describes various alternatives (road maps) in moving from a given current state/as-is condition to another new desired one.

Hence, knowing the starting- and end-point is crucial in order to know what gaps to be closed (weaknesses) and what obstacles (threats) to counter-act. Likewise, we would want to first know which advantages (strengths) to build upon as well as which opportunities to exploit.

So, a strategy simply depicts a road map from one current state of affairs to a new and desired future state. As a strategy can be anything, there are no one-way/rule or all-in-one method/theory for developing strategy. Anyway, there are multiple strategy analysis tools available: Kaplan & Norton’s balanced scorecard and MacKinsey’s “7S” have been widely used, and also applied (Appendix B2).

7.2.2 Appendix B2 – General-purpose Risk Management Model, Integrated ISO 3100’ and COSO

The below is the ISO 31000 widely well-known and accepted for thought model structure for organizational risk management alignment.

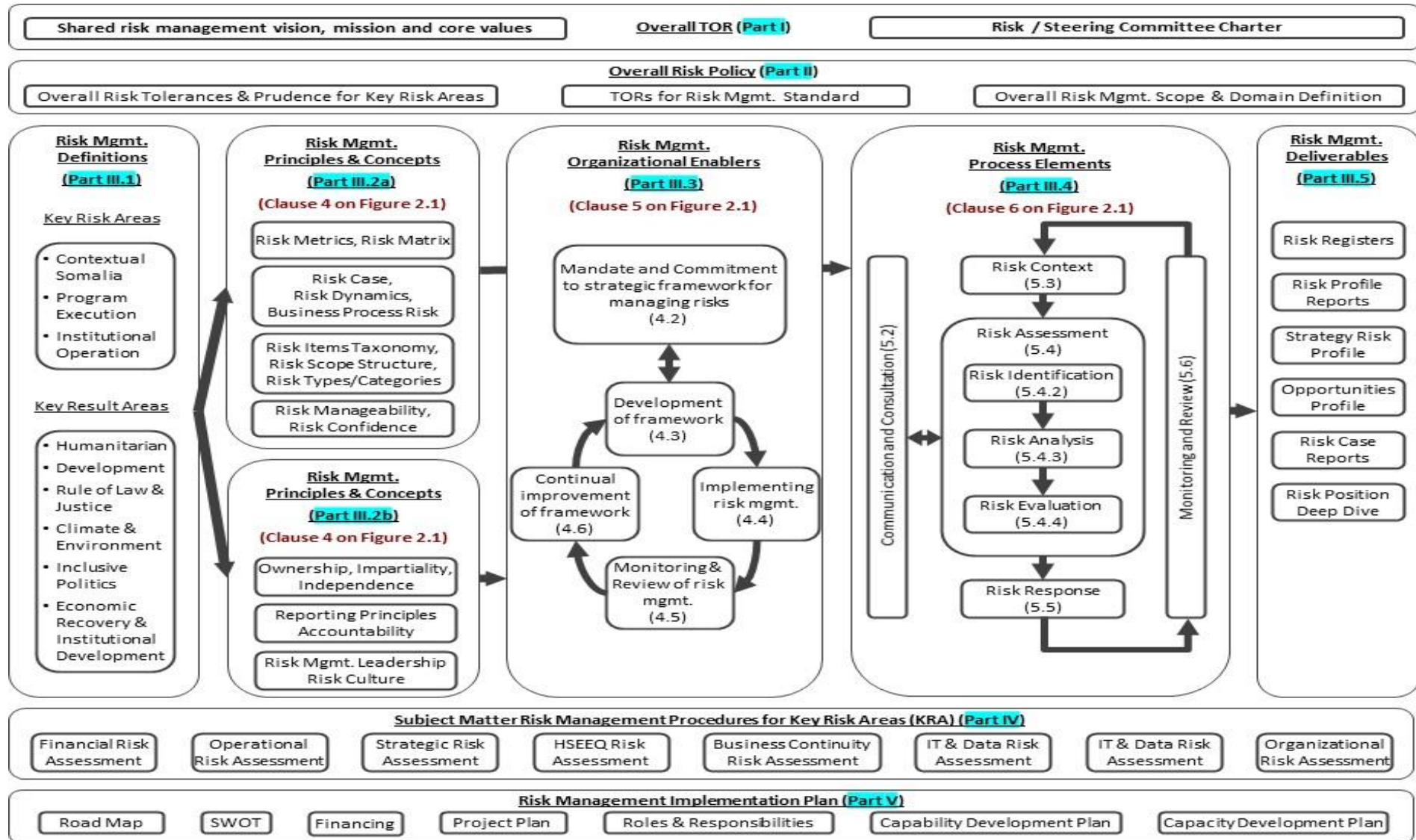


Figure 2.1 – Risk Management Framework

