



Project Risk Assessment Support

Rationale Document – January 2016

Background

Over the last eighteen months, the Risk Management Unit (RMU) has positioned itself as a risk management service provider to the international aid community in Somalia. From an initial focus on UN agencies and fiduciary risks, the RMU has expanded its range of clients and services to support the UN (including the mission), donors and NGOs (both local and international) in addressing a range of interrelated risks.

In addition to its core business of partner risk assessments and bilateral technical assistance, its line of services now includes support to the risk management strategy for the UN MPTF, the production of integrated risk profiles for the Senior Management Group (SMG) and the dissemination of risk management best practices from the UN and beyond. The RMU has deepened its engagement with a range of actors to support mandate implementation, and to increase information sharing across various categories of threats and risks.

Many of these services are 'on demand'; they are made available to various entities upon request, based on established standard operating procedures covering the entire spectrum of the relationship, from request management to confidentiality of the service or product delivered.

As part of this (re)positioning, the RMU is now offering a new service focused on the assessment of specific projects or interventions for implementation in Somalia. This service falls in between the RMU's strategic level analysis (such as the overall UN risk profile product delivered to senior management) and its partner level assessments (such as contractor risk ratings), and combines elements of both to enable more effective, safer and more accountable assistance.

Outline of Services

The following services are designed to:

- Complement agency / section / entity project procedures and provide an additional degree of quality assurance through a risk management perspective; and
- Inform decision making at all stages of a project (ie before a project starts and at key milestones throughout a project).

Broad project risk assessments for a project in keeping with ISO 31000 Standard for Risk Management. This service would be delivered using a 3 – 4 hour workshop with key stakeholders and would be followed up by delivery of a risk assessment within 1 week. This service is designed to provide a:

- Quick overview of the full range of project risks (internal and external) that may affect the realization of the project's results (outcomes and outputs), and
- Recommendations aimed at addressing these risks and reducing a project's risk exposure.

Detailed project risk assessments can also be delivered on key aspects of a project using a combination of stakeholder workshops and desk top reviews of existing project information / better practise. This service is designed to provide a more in-depth assessment of key aspects of a project and will take approximately 3 weeks to complete (depending on client requirements).

Program / Sector risk assessments can also be delivered to identify and assess risks for whole programs / sectors using a combination of stakeholder workshops and desk top reviews of existing project/sector information / better practise. This service is designed to provide a 'big picture' view of risks across a program/sectors and will take approximately 6 weeks to complete (depending on client requirements).

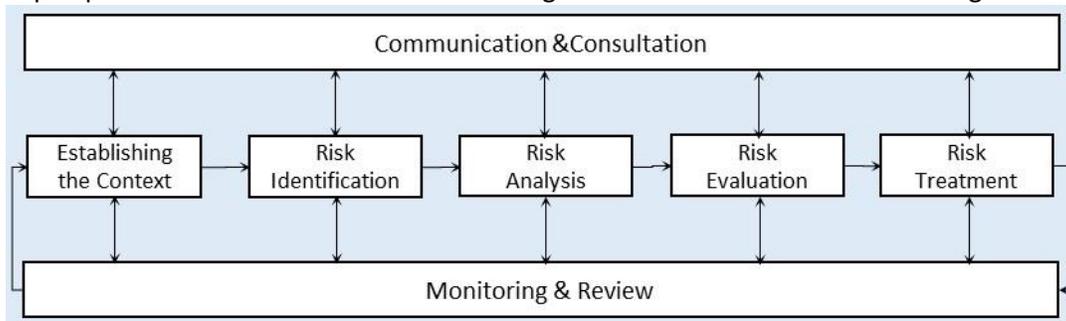
Requests for Information & Meetings

Throughout a risk assessment, the RMU may request additional information and documentation, and schedule bilateral meetings with the requesting entity to ensure the greatest level of understanding of the project (nature of intervention, context, partners, objectives, etc.) and to discuss identified or potential risks. The requesting entity should make best effort attempts to respond positively to such requests, including by participating in project risk assessment workshop sessions.

Methodology

The RMU risk assessments will draw on a wide range of methodologies including elements of RMU's partner assessment process, strategic planning tools and Results Based Management. The specific methodologies used for risk assessments will be guided by the nature of the project and client requirements.

From a broad perspective each risk assessment will be aligned with the ISO 31000 'Risk Management Process'.



The following are examples of some of the tools/approaches that could be used at each step of this process:

- Communication & Consultation: Review of current communication and consultation practice
- Establishing the Context: Review of project objectives/outcomes, stakeholder analysis and SWOT analysis
- Risk Identification: Review of risk register, Contractor / Implementing partner analysis, Stakeholder risk analysis.
- Risk Analysis: Desktop review of current levels for Likelihood, Consequence and Overall Risk; and guidance for assignment of each level.
- Risk Evaluation: Review decision making regarding which risks need treatment and the priorities for implementation of treatments.
- Risk Treatment: Desktop review of current risk mitigation measures and brain storming / better practice review for new / modified treatments

- Monitoring & Review: Desktop review of current monitoring and review practice (SMART KPIs) and brain storming / better practice review for potential improvements.

Stress testing

As part of methodology, the RMU proposes to use the stress testing method, whereby project plans/strategies/approaches are subjected to a series of tests designed to: i) assess how the project fares against potential 'shocks' and against relevant institutions obligations; and ii) identify additional risks to the achievement of project outcomes and objectives.

The various tests may include, as relevant:

- Scenario: how context and scenario dependent is the project?
- Resources: how financially realistic is the project? Will there be resources to scale up/leverage/maintain impact upon completion?
- Stakeholder acceptance/influence: which actors support/oppose the project? Who has the ability to undermine the project? What can be done to reduce opposition and/or ability to undermine?
- Strategy: how is the project aligned with the entity's strategy? With national strategies (or UN/Donor/NGO wide strategies)? Could it conflict with other (internal/external) projects, strategies and approaches?
- Principles: can the project undermine relevant aid principles (humanitarian, development, gender, Human Rights, good donorship, etc.)?
- Monitoring: to what extent can project deliverables/outputs/outcomes be monitored: at what risk/costs?

Recommendations

As with all of RMU's services, the project risk assessment reports produced by RMU, and recommendations in particular, are of an advisory nature only. In no way should they be interpreted as an assessment of whether the project should be implemented or not. The RMU recognizes that most, if not all projects in Somalia are exposed to significant risks. A risk rating of 'High' or above indicates the need for increased risk mitigation measures for successful implementation which should be considered against potential opportunities / benefits of the project; it is not designed to influence the requesting agency's decision to implement the project or not.

The RMU's project risk assessments and recommendation are confidential and only shared with the requesting entity. The ownership of the assessed risks and of the recommendations remains with the requesting entity.

Accessing Services

The Project Risk Assessment service outlined above will:

- cover the range of aid interventions across Somalia, including humanitarian, development, peacebuilding, political, and logistics support; and
- be available to the UN system in Somalia, donors, NGOs (local and international) as well as to the Federal Government of Somalia (FGS), as part of the latter's efforts to assume an increasing share of the design, implementation and monitoring of projects in Somalia.

- Be available before or during project implementation (e.g. at key milestones or major changes in the context, which require a reassessment of risks)

Clients can access these services by emailing rmu.so@one.un.org (UN agencies, donors and FGS) or ngoenquiries.so@one.un.org (NGOs). The RMU will acknowledge all requests within 2 business days and within 5 business days will contact the client to clarify the clarify client requirements (as required), access to staff / documents and provide an estimated time frame for delivery of key outputs (workshop, report, etc).

Benefits

The main benefits of these risk assessment services lie in reduced risk exposure for projects / programs / sectors and resulting acceleration /enhancement of project/program impact. These services will also yield the following additional benefits for clients:

- Provision of an additional perspective for enhanced quality assurance
- Greater ability to manage project / program / sector risks
- Decreased reputational exposure
- Increased strategic planning and project risk management capacities
- Contribution to greater program / project impact

Service Roll Out

It is recommended the Somalia NGO Consortium should disseminate information regarding these services to its various entities and senior leadership should encourage its programmatic units/staff to make use of it.