

## Key points

- The Somalia Humanitarian Fund (SHF) capacity assessments determine which partners are eligible to receive SHF funding. These partners do not automatically receive SHF funding.
- Partners who were not assessed by the SHF or did not pass the SHF capacity assessment can still submit projects to the Humanitarian Response Plan, be the implementing partners of organizations that receive SHF funding or receive funding from other donors.

### Capacity assessments and SHF risk management

The implementation of projects in Somalia continues to pose high risks of diversion of funds and non-delivery of services owing to a challenging operational context such as limited access to project sites and a volatile security situation.

Capacity assessment of partners constitutes one of the pillars of SHF risk-based management approach, aimed at ensuring improved management of projects by matching the requirements for solid grant management and the oversight of funds with identification of potential risks and requisite risk mitigation measures.

Effective management of risk in funds like SHF is a corporate priority for the UN Office for the Coordination of Humanitarian Affairs (OCHA). The risk management framework aims to assist the United Nations and the Humanitarian Coordinators in making strategic decisions that maximize the impact and effectiveness of response.

### What is the purpose of SHF capacity assessments?

Capacity assessments of non-governmental organizations (NGOs) are aimed at determining whether an NGO has sufficient institutional, managerial, financial and technical capacity and expertise to receive funding from the SHF and implement projects.

Having passed SHF capacity assessment is a precondition for an NGO to receive direct funding from the Fund. The assessment provides the minimum assurance that the partner will be able to deliver urgent humanitarian assistance to intended beneficiaries and be accountable for the use of SHF funds and UN assets.

The results of capacity assessments also help determine, together with other accountability tools, the most suitable disbursement and monitoring schedule, programmatic and financial reporting

requirements, and auditing plan for a particular NGO.

### Can all interested NGOs have their capacity assessed by OCHA?

No, it is not possible for OCHA to assess the capacity of all NGOs in Somalia. Due to considerable cost of capacity assessments, they are conducted for a limited number of partners only.

The overall objective of the process is to ensure that the SHF has a sufficient number of partners with the necessary capacity to support an effective humanitarian response across Somalia.

The criteria for the selection of partners for capacity assessment are determined by the Humanitarian Coordinator with the SHF Advisory Board.

In 2012 and 2013, all SHF partners were assessed. In 2016 and 2017, SHF capacity assessments have been conducted for new partners recommended through the cluster system; partners that did not pass the assessment in 2013; and partners considered as strategically important by the Humanitarian Coordinator and the SHF Advisory Board. From 2017 onwards, SHF capacity assessments will be conducted on a rolling and needs basis.

## What are the main steps in the capacity assessment process?

**1** During **step one** of the process, a list of partners is compiled jointly by the cluster leads and the SHF secretariat for pre-assessment. The list is based on the overall criteria for selection as determined by the Humanitarian Coordinator and the SHF Advisory Board for each individual capacity assessment round. For 2016/2017, the SHF Advisory Board set out the following criteria for selecting potential partners to have their capacity assessed:

- **Partners to be reassessed: Partners that did not pass the 2013 capacity assessment, and continue to be active partners in the humanitarian response in Somalia.** They must have scored at least 40 in the previous capacity assessment, with a minimum score of 35 in the financial management category. Active partners are those that have projects in the HRP, are implementing partners for other agencies with projects in the HRP, or are partners delivering humanitarian assistance with other sources of funding.
- **Partners recommended through the cluster system** to address critical capacity gaps in the humanitarian response as outlined in the HRP. Recommended partners must have had projects in the Humanitarian Response Plan. Exceptions were justified if the partner possessed a sound record as an implementing partner and also would be able to address a critical capacity gap; and if a partner is considered as strategically important by the Humanitarian Coordinator and the SHF Advisory Board.

**2** During **step two** of the process, the listed potential partners are pre-screened by the SHF Secretariat which entails a review of due diligence documents to determine their suitability for an in-depth capacity assessment. The following documents and information are required for preliminary assessment:

- Application form
- Valid national registration documents
- Signed and dated due diligence declarations
- A bank statement (or a letter signed by the bank holding an account)
- Most recent bank/account statement and/or letter from bank attesting that the NGO is the owner of the bank account (*Please note that the UN Secretariat / OCHA is not able to transfer funds through Dahabshiiil, thus only international bank accounts are accepted.*)
- Identification documents and curriculum vitae (CV) of the legal representative of the organization.
- External audits of financial statements for the last 3 financial years, and
- External audits of projects completed in the last 12 months

**3** Partners who meet all the above requirements can proceed to **step three**, whereby a detailed field-based capacity assessment is conducted by an independent contractor on behalf of OCHA. Based on the combined results of the assessment, OCHA determines the eligibility of assessed partners to apply for SHF funding and assigns the appropriate partner risk rating.

### Does SHF eligibility status influence partner's eligibility to submit proposals for the HRP or receive funding from other bilateral and multilateral donors?

SHF capacity assessments and SHF eligibility are intended only to affect the funding processes related to the SHF. SHF capacity assessments are commissioned by OCHA solely for the purpose of determining the partner's eligibility to receive direct funding from the SHF.

NGOs can submit projects to the HRP via their respective clusters and in accordance with the HRP-specific submission guidelines, irrespective of their SHF eligibility status.

The results of SHF capacity assessments may not be suitable for other purposes or for use by other organizations; and should always be considered in conjunction with additional relevant information available since the assessment was concluded. OCHA is not liable or responsible for the use of SHF capacity assessments or the SHF partner eligibility list by other bilateral and multilateral donors.

### Does eligibility for funding mean guarantee for funding?

No. Eligibility to receive SHF funding assumes that the partner is deemed to have the necessary capacity to manage funds and implement humanitarian projects. Decisions on the allocation of SHF funds are taken by the Humanitarian Coordinator for projects recommended through two distinct allocation modalities: the **standard** allocation rounds, which implement a specific allocation strategy; and through the **reserve** facility, which typically supports focused and immediate single interventions.

### Are “high risk” NGOs eligible to receive funding from the SHF?

Yes, high risk partners can receive funding from the SHF. The risk level of partners (low, medium, and high) does not determine whether they can receive SHF funding, but rather determines the funding operational modalities (such as the amount and the frequency of tranches received, monitoring frequency and modality, the financial controls applied etc.).

### Can ineligible partners be implementing partners of UN agencies or INGOs using SHF funds?

Yes. The decision to engage a particular partner is at the discretion of the individual UN agencies and NGOs, who can also subcontract SHF funds. In that case they are accountable for the use of SHF funds as a recipient, must oversee the work of the implementing partner and ensure that the capacity is sufficient to deliver quality services. This involves building capacity of the implementing partner if necessary, as well as monitoring their performance.

### What is the frequency of SHF capacity assessments and reassessments?

#### *Eligible partners*

The eligible partners' risk rating is updated with the help of performance indicators (monitoring, reporting, and audit, external information) on a continuous basis. For partners that have not implemented SHF projects for more than two consecutive years, the information available from other relevant sources is used and triangulated. [The most recent list of eligible partners can be downloaded from the SHF website.](#)

#### *Ineligible partners*

New capacity assessments or reassessments are undertaken at the discretion of the HC and in consultation with the SHF Advisory Board and the management of the SHF (OCHA Somalia), with the overall objective to ensure that the Fund has a sufficient number of partners to support the humanitarian response in Somalia. When available, the information about future assessments will be shared with all stakeholders (through clusters, other coordination structures and through OCHA Somalia channels).

New partners that wish to receive SHF funds are strongly encouraged to partner with other eligible organizations (to receive indirect SHF funding); and to continue engaging closely within their respective clusters.

**For more information** get in touch with OCHA Somalia (Humanitarian Financing Unit):

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