Risk sharing Case study

October 2013, Juba, South Sudan

Context

Following the Comprehensive Peace Agreement, the January 2011 referendum and independence on 9 July 2011, life-threatening conditions still persist in many parts of the Republic of South Sudan. Faced with a multiplicity of challenges that are enormous both in scale and complexity, the new Government is struggling to respond due to limited institutional capacity, lack of basic infrastructure and insecurity. Independence has seen increased expectations and the new Government is expected to show progress in political and security sector reform, and support the needs of conflict-affected populations including returnees, displaced populations and resident communities.

South Sudan has been facing high levels of food insecurity and malnutrition due to recurrent drought and floods, crop failure and conflict. Among other issues, this has led to population displacements. The Government, at national and state levels, is facing a challenge to provide basic social services and respond to emergencies. This has eroded the resiliency of communities, particularly in 2012, when multiple shocks, including floods, tension between South Sudan and the Republic of Sudan (Sudan), government austerity measures, exceptionally high food and fuel prices, the depreciating South Sudanese Pound and scarcity of staples in markets deepened the crises. Within this context, South Sudan remains one of the most complex operational environments for humanitarian assistance.[1]

Risk sharing workshop –October 2013

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The workshop was attended by participants from 12 Cooperating Partners (CPs), in addition to WFP staff. Following introductions, the workshop started with a presentation focusing on risk management, divided into three topics: 1. the importance of risk management, in terms of

[1] Adapted from the Situation Analysis and Scenario section, EMOP 200338, "Food Assistance for Food-Insecure and Conflict-Affected Populations in South Sudan", approved on 22 December 2011.

how it links to performance objectives, managing staff & resources, and the increased need for accountability (both internally and externally); 2. Tools and processes of risk management, including the need to identify key risks and risk seriousness, how to mitigate these risks, and how to monitor the risks; 3. Issues related to the risk appetite of organisations and how this impacts the sharing of risks; 4. Concepts related to managing risks with our partners, including the opportunities as well as the challenges.

The issue of accountability was brought forward, in relation to the humanitarian community's accountability to beneficiaries. Performance and risk management enables monitoring the implementation of projects and measure the impact in order to ensure that the best possible results are obtained, which then feed into the overall project design. It is about accountability of staffs and managers, where performance and risks to objectives are monitored in order to ensure that functions are completed efficiently and effectively; and accountability to donors, who are increasingly asking that humanitarian organisations are able to demonstrate results. This also carries with it real consequences, since donor assessments are often multi-year results meaning that the outcome remains for multiple years; the results are increasingly being linked to funding (reference was made to the Multilateral Aid Review (MAR), and to the Multilateral Performance Assessment Network (MOPAN)). The issue of accountability is also relevant as it applies in the other direction, i.e. vis-à-vis donors; there needs to be an increased understanding of the multiple risks that humanitarian organisations are facing.

The discussion progressed into how risks are categorized, as either Contextual (external to the organization), Programmatic (related to failure to meet programme objectives), and Institutional (internal to the organization). The link between performance objectives and risks were discussed, as well as how risks are analyzed. An important point that was highlighted was that WFP viewed Cooperating Partners not as service providers but as partners, and as such key to achieving WFP objectives; this means that risks need to be viewed together in order to understand, identify and jointly respond. The system for determining risk seriousness was outlined, in terms of assessing likelihood and impact in order to focus on the key risks. Various organizations at this stage volunteered to highlight their risk management processes, and it was noted that, while each process was adapted to that organisations particular mandate and circumstances, many had formal or informal structures through which risks were analysed and assessed, with mitigation actions and mitigation action owners identified. This raised the issue of whether or not risk registers could be shared between organisations, and there was uncertainty on whether there were any formal policies and guidance that would constrain organisations to disseminate these (a possible solution was to remove the mitigation action owners and retain the key risks).

Key concepts of risk were also discussed, including that risk is not a fixed quantity, but instead affected by our field presence and directly linked to each organisations overall identify, profile and mandate. Risks are interconnected, and efforts to mitigate one risk can inadvertently create new risks (e.g. in order to ensure security of staff through limited access there is less control over assistance, raising the issue of diversion; less access may also impact the perception of humanitarian organization among the community and remove them from the operational realities). Risk perceptions are not always uniform between

organisations as well as within organisations. Fundamentally, risk management is not about eliminating risk; risk is part of every operation, and it is a case of managing risks in the most structured and best possible way. The point was made that the only way to eliminate risk completely is to do nothing, which is obviously not a viable option for humanitarian organisations that have an imperative and a mandate to provide relief and assistance in emergencies.

This links to the concept of risk appetite, which was introduced as a key aspect for organisations to understand risk and the sharing of risks. Each organization has a different level of appetite vis-à-vis risk, which needs to be understood in order to be able to work together. A local CP may have less risk in operating in a certain area and have greater access than international organisations, as a result of many factors. If this is used properly then humanitarian organisations can complement each other in the delivery of assistance. The main issue is that risk appetite should be understood and communicated to all stakeholders.

Issues related to managing risks with partners concluded the initial session, including whether or not there is a common understanding of risks and whether there are agreed-upon standards for assessing risks in order to ensure that the most serious risks are prioritized. Is the issue of risk ownership clarified, i.e. who is responsible for owning common risks and mitigation actions? Finally, is there an established structure through which risks are identified and monitored, and is this shared across all organisations?

CONTEXTUAL			
COMMON RISKS	CAUSE	EFFECT	MITIGATION ACTION
Insecurity (risk to safety and security of staff and beneficiaries) Risk level: high	Intra/inter-ethnic tensions and rivalries, as well as issues such as cattle-rustling. Internal and cross-border conflicts are exacerbated by the prevalence of arms. There are tensions between the host communities and beneficiaries in areas of displacement. There is a lack of communication between host communities and beneficiaries, and a lack of awareness of the objectives of humanitarian assistance. The austerity budget has led	Beneficiaries become targets, and humanitarian staff may be indirect targets. Operational implementation is affected. There is loss of resources and assets.	• Standardize the process of security assessments. • Improved communications amongst the humanitarian community in relation to security. • Increased outreach to host communities. • Civic Education awareness. • Tailored long-term development programmes to address root causes. • Increased coordinated advocacy. • Need for beneficiary feedback mechanisms to ensure

	to indiscipline amongst some SPLA/SSPS soldiers and police. There is a general lack of contextual security analysis, shared amongst the humanitarian community (it was remarked that communities are often aware of impending attacks, so there is a need for outreach and information-sharing with communities.)		participation.
Inadequate infrastructure Risk Level: High	Limited resources by the state, as well as decades of conflict and underdevelopment. The road, telecoms / ICT and other infrastructure is under-developed. Heavy rains and flooding exacerbate this issue.	This affects every aspect of life in South Sudan, including access to markets, bringing in goods and services, and increasing the price of every transaction. Access to social services is impacted, and the operational costs are correspondingly affected. Delivery of aid services becomes more complicated, and there is an increase in the dependency of the local population to humanitarian assistance. The poverty and lack of services leads to urban migration. Recruitment of staff is impacted.	• Prepositioning of project inputs during the dry season in anticipation of the rainy season and lack of access. • Expansion of Food for Assets (FFA) to cover feeder/community access roads. • Lobby of by-loans to communities in order to enable them to take ownership over maintenance of community access roads. • Investment in alternate transportation routes/mechanisms (e.g. water transport) • Investment in new roads and increased road infrastructure.
Seasonal weather (Flooding) Risk Level: High	Seasonal heavy rains, alongside poor water management infrastructure (including drainage systems). Another aspect to consider are	This leads to mass displacement and poverty as people lose their possessions and their livelihoods. Flooding causes loss of lives	• Invest more in constructing quality water management infrastructure, such as dykes. • Promote construction

	people living in chronically flood-prone areas who are unable or unwilling to relocate to other areas.	as well as the spread of water-borne disease, exacerbated by poor hygiene and sanitation. There is an increased need for assistance. Migration and displacement causes increased beneficiaries and malnutrition rates.	of raised houses • Encourage populations living in chronically affected flood-prone areas to relocate to higher grounds. • Promote coping mechanisms.
Environmental degradation Risk Level: Medium	Limited alternative sources of energy and deforestation.	Limited tree cover, and an increase in unsustainable practices such as cutting wood for fuel. The gathering of wood for fuel across large distances exposes women and children to threats.	• Promote the use of high-efficiency stoves • Encourage investment in Biogas • Encourage use of solar power cooking systems • Encourage the planting and growing of fast maturing trees • Support Government in reforestation programmes • Environmental awareness advocacy
Unclear Government regulations Risk Level: Medium	New bills proposed by the Government include new regulations on NGOs. General lack of coordination amongst NGOs on how to manage new regulations.	Unclear regulations may lead to arbitrary use of any new bills to prevent NGOs from operating in certain areas. Aid and accreditation may become politicized, and increased pressure may be placed on NGOs by the Government. If not managed properly programme implementation and delivery of services	• NGOs can collectively (through joint forums) lobby the Government to ensure that they are able to provide input and that humanitarian and development organisations are consulted and informed.

		may be affected due to increased bureaucracy (permits, regulations, etc.).	
Aid Politics Risk Level: High	Competition for resources amongst the humanitarian community, including competition for accreditation. Lack of coordination amongst NGOs.	Delayed implementation of services, with duplication of efforts. Interventions may not be as effective due to the uncoordinated response.	• Increased coordination through existing mechanisms (e.g. the NGO forum).
PROGRAMMATIC			
COMMON RISKS	CAUSE	EFFECT	MITIGATION ACTION
Lack of understanding of external factors Risk Level: Medium	The understanding of the history and culture of the operational context affects operations. There is sometimes a lack of knowledge and education of these community issues, including local practices (such as land-grabbing). It is necessary to take this into consideration when looking at the staffing profile for sub-offices.	This impacts the completion of the operational objectives as there may be unintended consequences following programme implementation.	• Instilling the values and values of the organization through training and induction sessions. • Advocacy from the humanitarian community (UN and NGOs) on the mission. • Ensuring that all staffs understand the local conditions and complexity in the areas in which they work (perhaps through common sensitization training?)
Risks to operations (untimely interventions, food & commodity pipeline breaks) Risk Level: High	This risk is caused by poor planning and communication of these plans. Office bureaucracy leads to unnecessary delays, and resource limitations and infrastructure exacerbates this situation.	Less food is distributed to the beneficiaries, and insufficient funds available. Lack of food and delays impact project implementation. Pipeline breaks cause problems for CPs, since they have budgeted for a	• Advocacy with the Government & Advocacy with donors (for increased contributions) • Pre-positioning of aid and food supplies • Better planning from WFP and NGOs, and communication of these plans to

		certain amount of staff, vehicles and equipment to respond to WFPs needs. When food does not arrive then the CP is left with high overhead expenditure. Security was raised as a concern, as not all forums are deemed to be safe for information-sharing; However, it was noted that if one NGO does not report security threats those threats move to other NGOs.	beneficiaries • More realistic planning in order to manage expectations. • Increased security incident mapping & information sharing (concern was raised that some forums were not suitable for info-sharing, since inform was suspected of being shared with the local authorities.)
Risk of programme continuity for CPs Risk Level: High	One of the causes is the delay in signing FLAs, and the fact that invoices are perceived to not be settled in a timely manner. Another concern was the delay and inconsistent submission of reports and invoices by the CPs to WFP. One issue raised was the perceived lack of communication between different units within WFP.	This had the effect of the demotivation of the CPs, and programme inputs not timely sourced. Programme quality was also compromised. CPs are in some cases (to ensure operational continuity) required to transfer funds from other projects	• Increased and better coordination and communication btw WFP and CPs in order to understand the requirements on both sides. Modalities need to be identified for this purpose. • Increased coordination between WFP units (Finance, Programme & Logistics).
Risk of Government interference in internal affairs Risk Level: High	Lack of employment opportunities in South Sudan, due to poverty and a number of contextual factors. Nepotism and above all corruption is one of the main drivers of this risk. It was noted that this affects the humanitarian differently; the UN have more capacity to respond to this type of	Recruitment of unqualified and inexperienced staff. Increased pressure from local authorities. Programme implementation is affected. Resources are consumed in order to respond to this risk, in particular in the field/area offices.	• NGOs can use existing forums to respond to this type of pressure. • Increase in livelihood projects • Compliance to organizational rules and regulations/policies (ensuring that this issue is not addressed differently in one area than another,

	pressure than NGOs have.		creating additional pressure on agencies). • Increasing awareness of this concern through existing forums (e.g. the NGO forum)
Risk to Programme implementation Risk Level: Medium	There is an inadequate understanding of issues affecting programme design. In some cases programmes are designed in remote areas (e.g. in Regional Bureaus, HQs) without sufficient input from sub-offices and stakeholders.	This has the effect of creating programmes that may not be feasible, or with unrealistic implementation timelines. This is also exacerbated by resources not being available (such as equipment, vehicles, etc) due to not being functional (but available "on paper"). The programme impact is negatively affected. This also affects the funding opportunities.	• Proper programme design through participatory approach (involving stakeholders at all levels, including CO and field offices). Increased emphasis on "resilience programmes'.
INSTITUTIONAL			
COMMON RISKS	CAUSE	EFFECT	MITIGATION ACTION
Delay in payments to suppliers/service providers Risk Level: High	Delayed funding, too much internal procedures and bureaucracy. Suppliers are not always experienced and provide the wrong goods/materials (wrong specifications). Suppliers are unaware/ unclear about the payment procedures. It was noted that systems are in place, but procedures not always effectively implemented.	Delays cause a loss of goodwill and confidence amongst suppliers. Costs increase since rates are raised by suppliers to take into account delays in payments.	• Clarity about the mode of payment at the signing stage (already included in the contract WFP has with service providers). • The period of time should be stated in the contract and it should be ensured that the suppliers are aware of this (already included in WFPs contracts). • Effective and efficient internal

			reporting systems to ensure that correct documentation/invoicing is acted upon as per the agreements. • WFP should streamline internal reporting and payment mechanisms. • Only reliable suppliers should be selected (roster of acceptable suppliers shared within the humanitarian community?)
High staff turnover Risk Level: High	Limited pool of qualified staff with a large amount of NGO vacancies. Organizational policies are different, with leave, medical care and other benefits different. Another concern is the insecurity felt by staff in certain areas. High expectations and lack of career guidance leads to disillusionment. Comparatively low payments and short-term contracts in some organisations also has an impact. There is also a complacency in some organisations about their staff. Security also affects the ability to retain staff, since some do not feel safe in some areas.	Failure to reach project goals and objectives and inconsistent implementation of operations. There is also an increased cost of recruitment and training of new staff.	• Providing staff with long-term contracts (if possible, considering the usual project cycle). • Encouraging payment to staff in standard currency (in some cases staff are paid in local currency rather than US$, Euros etc.) • Staff motivation can be increased through training, better allowances, overtime pay, etc. • This includes capacity development initiatives, such as increasing staff capacity (through studies, etc.) • Training should be provided to staff on security, as well as how to use ICT equipment. • One possible mechanism of providing more stable contracts are through

			multi-year contributions from donors.
Failure or delays in ICT systems Risk Level: Medium	This is cause by poor equipment and software (in some cases unlicensed pirated software), as well as lack of staff capacity in using equipment and software (as well as negligence). Many organisations have old equipment, and there are a number of viruses. There is also the issue of inexperienced ICT staff who are not trained to use the latest equipment and software.	The lack of proper ICT equipment leads to loss of data, and delays in reports submission, impacting the ability of offices to receive the latest updates. There are wider concerns, including threats to the safety of staff if the ICT equipment is not properly functioning, affecting communication in remote areas. There is an impact of coordination as well. Data and equipment is also exposed to hackers.	• Increased training on ICT by ICT officers (this can be organized jointly, through the cluster. • Improved/regularized maintenance of ICT equipment. • Increased vigilance and follow-up on penalties for staff who misuse ICT equipment. • ICT data should be frequently backed-up. • Focus should be placed in ICT staff, including training and recruitment of experienced staff. • There should be investment in ICT software, including anti-virus and the latest developments in data storage, such as Cloud software.
Failure to transport staff to and from field locations at the right time Risk Level: High	Inadequate vehicles/boats/motorbikes and a lack of experienced drivers. Poor servicing of vehicles, and high cost of maintenance and equipment (including availability of spare parts); this is compounded by a lack of genuine spare parts.	Lack of confidence from beneficiaries and the government. There is also a failure to meet programme objectives, and staff are exposed to insecurity when based in and travelling to field locations.	• Using alternative means of getting/acquiring spare parts (pooling resources) • Recruiting experienced drivers and following up on performance appraisals, as well as reporting issues. • Regularized and standardized maintenance and servicing of all transport modalities. • Ensuring drivers

			receive overtime pay and motivation. • Ensuring the availability of mechanics in the Logistics cluster. • Organisations should encourage the use of joint missions.

Observations about risk sharing with partners

- The main observations as a result of the workshop were that Cooperating Partners were aware of risk management concepts, although there may not be an actual framework underpinning this process. There was an understanding of the three broad categorizations of risk (Contextual, Programmatic and Institutional).

- The participants did not focus on contextual issues, despite the numerous examples of external factors that impact operations in South Sudan. Instead, equal focus was placed on Institutional and Programmatic risks. This may in part be due to the fact that participation included a number of staff profiles (including Programme, Logistics, ICT, HR, Emergency Preparedness), which allowed for a number of concerns across the various thematic spectrums to be identified. In relation to this, it was noted that perceptions matter: some risks (in relation to payment to suppliers) are exacerbated by a lack of knowledge amongst Cooperating Partners on WFPs payment procedures and internal documentation.

- The concept of strategic partnerships were raised during the discussions, with WFP working together with Cooperating Partners in order to identify areas of activities for the medium – to long- term future.

- It was not felt that risks were always openly discussed in a structured way amongst WFP and the Cooperating Partners through the existing mechanisms. In part this may be due to the scale of the operation and number of organisations; nevertheless, this may be an area that can be further explored, i.e. whether risk management could be promoted for use in existing forums or as a separate event.

- There was an open and frank discussion in the workshop of risks faced within the context of South Sudan. Some of the identified risks related directly to risks generated as a result of issues between WFP and Cooperating Partners (for example the risk related to the operational continuity of Cooperating Partners due to lack of funding from WFP through late payments of bills and invoices) and risks within the humanitarian community (for example the risk related to high staff turnover, with

staff moving between humanitarian organisations). Others were contextual in nature, such as insecurity and the impact of the lack of infrastructure on project implementation and staffing.

- Some of the concerns that were highlighted included specific issues that were identified by Cooperating Partners, such as the impact of proposed new regulations and Government interference in internal procedures (such as staffing). These would seem to provide opportunities for a joint message between WFP and Cooperating Partners, considering that this will directly impact the achievement of WFPs objectives.

- A possible way forward in terms of risk management would be to encourage WFP and Cooperating Partners to organize risk management workshops, as the format of the workshop was acknowledged to be user-friendly and geared towards ensuring that field knowledge is used during operations. Alternately, risk management could be encouraged to be added to existing thematic groups (although this would raise the concern that not all aspects of risk are included in the analysis). Any future session would also include identification of mitigation action owners amongst WFP and Cooperating Partners.

Best Practices

- Ensure that there are multiple, diverse partners available to implement programmes and share risk, and that partners are selected based on strategic views of WFP operations in the medium- to long- term.
- Ensure effective communication between partners through existing structures, where all issues can be discussed.
- Ensure senior management promotes the importance of risk management and that there is consistency between the field and HQ levels.
- Ensure that risk management sessions include participants from diverse thematic groups in order to capture all aspects of risk.