

Capacity Assessment Q&A

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Key points

- The Somalia Humanitarian Fund (SHF) capacity assessment is one of the three preconditions for partners to be able to apply for the SHF funding.
- The assessed and eligible SHF 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.
- For further details on the process see the SHF Operational Manual (2020), section 5.1.

Capacity assessments and SHF risk management

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 the 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 the 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 an 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 enough partners with the necessary capacity to support an effective humanitarian response across Somalia.

What are the main steps in the capacity assessment process?

1 During **step one** of the process (partner prioritization), a list of partners is compiled jointly by the cluster leads and the OCHA Somalia Humanitarian Financing Unit (HFU) for pre-assessment. The list is based on the overall criteria for selection such as operational presence, ability to implement etc.

- **Partners are recommended through the cluster system**, on a periodic basis (usually once a year), to address critical capacity gaps in humanitarian response.
- **Partners can be recommended on an *ad hoc* basis**, in exceptional cases, due to their sound record and ability to address an immediate gap; and/or if a partner is considered as strategically important by the Humanitarian Coordinator and the SHF Advisory Board.

2 During **step two** of the process (pre-assessment), the prioritized potential partners are pre-screened by the HFU. The screening 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 Dahabshiil, 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
- Authorization to verify information (SHF form)

3 Partners who meet all the above requirements can proceed to **step three** (full assessment), 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 capacity assessment assure permanent eligibility to apply for SHF funds?

No. To remain eligible for direct SHF funding, NGOs need to fulfil the following three criteria:

- The partner has passed the SHF capacity assessment.
- The partner's due diligence status in the SHF Grant Management System is approved.
- The partner has no outstanding SHF oversight and compliance issues.

Partners may be temporarily removed from the eligibility list due to due diligence status or outstanding oversight and compliance issues. In case of permanent suspension, the partner is formally notified by the Humanitarian Coordinator.

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 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: **standard** allocation rounds, which implement a specific allocation strategy; and through the SHF **reserve** facility, which typically supports focused and immediate individually prioritized 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 the 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 the SHF funds?

Yes. The decision to engage a 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 enough partners to support the humanitarian response in Somalia. When available, the information about future assessments is 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 – a key factor to secure invitation to enter the capacity assessment process in the future.

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