

Annex 1 – Completed framework documentation template

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FOR DOCUMENTATION OF RISK  
SHARING FRAMEWORK PROCESS

STAGE  
**01****DELIVERY CHAIN STAKEHOLDERS, REPRESENTATION & EQUITY IN DIALOGUE**

*The overall purpose of this stage is to ensure that analysis that underpins decision making is accurate, and decision making is balanced, due to relying on the feedback of an appropriate, representative & empowered group of stakeholders (operationalizing Principles 1 and 4).*

**1. Which organizations will be involved in the delivery chain in which the Framework is suggested to be applied and in which functions (back donor/intermediary donor/direct implementer)?** *Purpose: To understand the mix and scale of stakeholders in the proposed application of the Framework.*

<b>Organization Name</b>	<b>Function</b>
Aulando	Back Donor
Olsa	Back Donor
IHO	Intermediary Donor
AllAid	Direct Implementer
GCCR	Direct Implementer
HAN	Direct Implementer
<b>Organizations not present at meeting (HDN, local NGOs, CBOs. who may become RRM partners)</b>	Direct Implementers

**2. Is there, by virtue of the scenario in which the Framework is being applied, a natural convener for the Framework dialogue who could facilitate it?** *Purpose: To leverage existing structures and representations to facilitate dialogue (e.g., a back donor, an Alliance Chair, Consortium Lead, HCT, etc.)*

This question was first considered in functional groups by the delivery chain actors. IHO as Fund Manager, HAN as an RRM recipient and network for LNGOs, and the NGO Forum were all raised in the discussions as possible structures that could facilitate the discussion of risk sharing.

Direct Implementers appeared concerned that ‘convening’ did not become ‘controlling’ the dialogue and saw co-conveners from the different functions as a necessity, as well as ensuring that the national peer organizations among them were considered. IHO considered itself a natural convener, by virtue of it being the fund manager and sitting between direct implementing partners and upstream back donors. Back Donors meanwhile also saw IHO as an obvious convener, perhaps co-convening with the NGO Forum or HAN, given their role with local partners.

**The conclusion in plenary appeared was agreement that IHO is a suitable convener for the risk sharing discussions,** with support for co-conveners to ensure representation - see point below – an argument to be considered.

**3. If there is no existing structure that points towards an organization who could convene and facilitate the dialogue, which organization are best placed to do so?** *Purpose: Where no existing structure can be leveraged, agree, or designate an organization to perform the role?*

**Not considered relevant in this case**

**4. Is it feasible for all actors in the delivery chain to engage individually in the Risk Sharing Framework dialogue?** *Instruction: If yes, proceed to next stage. If no, proceed to Question 5.*

There was general agreement that individual involvement should be as broad as practically possible. However, **for this delivery chain, consensus developed that there were too many direct implementers for every organization to be involved directly.**

**5. If it is not realistic for all actors to be engaged in dialogue individually, how might adequate representation of the three functions (back donor/intermediary donor/direct implementer) be achieved?** *Purpose: Confirm a method to select organizations whose functional experience is broadly representative of the significant risks to shared goals likely present in the delivery chain.*

It was notable that direct implementers exhibited significant concerns in their functional group discussion about being 'cut out' of discussions and not being represented in decision making sufficiently, hence the calls for co-conveners and equal representation in convening (i.e. one rep per function, but also specifically suggesting that international and national direct implementers might require separate representation in such a structure). Intermediary Donor and Back Donor discussions suggested NGO Forum and/or HAN network co-convening would be sufficient. IHO seemed unconcerned about representation and its own situation, perhaps due to its role as natural convener. Back Donor discussion meanwhile dwelled on whether some larger donors would inevitably always want their own seat at the table, while other donors were more happy to be represented, within set parameters. Back Donors also pointed out that any representation of a group of donors by one donor on risk sharing would require extensive preparation in advance. This is pertinent, as it points to practical issues, but also the same power imbalances that see smaller more numerous direct implementers raise concerns about equity and representation, including about whether they will all be able/willing to speak up in such meetings, particularly among national organizations. This is the natural tension that must be addressed in considering how representation can be adequately catered for in risk sharing framework discussions. **Consensus in this theoretical scenario was developing among participants around having two representatives from the NGO forum and HAN network representing international and national constituencies, a representative/convener from IHO in the intermediary function and 1-2 donor representatives (reflecting the reality that some donors may consent to being represented while others may demand direct representation)**

**6. If all actors in the delivery chain are not involved directly, how do decisions on representation ensure a) equity between functions and b) equity between organization types, especially local responders?** *Purpose: Ensure that risks that may be specific to a function being performed (e.g. back donor/intermediary donor/direct implementer) or may be specific to the nature of an organization (i.e. a western donor vs a UN agency vs a NNGO vs an INGO) are given necessary space in discussion and equitable consideration in reaching shared conclusions.*

Direct Implementers indicated that consideration for downstream stakeholders is a key issue, and that it might be necessary to even have separate representatives to speak to the specific international and national constituencies among them as a group. Direct implementers noted the importance of discussion and decision-making being non-punitive and collaborative, speaking squarely to the principles of the Framework. They also noted the possibility of aligning their interests in advance and potentially engaging with IHO prior to engaging collectively with back donors.

Intermediary donors noted that ensuring broad involvement by organizations within the delivery chain could help with equity, as often the most numerous constituency (direct implementers) are often 'represented' rather than present. Convening denotes a responsibility to encourage involvement and be clear when and how representation may be necessary and be achieved on a transparent basis. It was also noted that on a practical level, convening also requires some working to the lowest denominator of risk appetite, as Framework principles encourage collaborative not directive ways of working on risk sharing.

It was noted that despite supporting affected people being a key objective of the Framework, the voice of this constituency in the proposed structure for the framework discussion on risk sharing was missing and not considered. While it could be argued that this voice and stakeholder engagement comes 'upstream' in the identification of programming objectives, and that risk sharing is more a technical means to achieve those objectives, it must be recognized that affected people could perhaps be better reflected directly into this dialogue.

**Consensus on the issue of equity was developing among participants around the need to ensure open discussion, through commitment to principles of collaborative and non-punitive discussion on risk sharing, which was a significant participant expectation of the exercise.**

STAGE  
**02****HOLISTIC RISK IDENTIFICATION**

*The overall purpose of this stage is to create an agreed and documented baseline of the key risks that may impact on the overall goal of providing support to affected people, such that accurate risk mitigation measures can be developed in subsequent stages (operationalizing Principles 1, 2, 3, 4, 5 and 6).*

**1. Which key risks will have a significant negative material impact on one or more actors' ability to deliver assistance to affected people? (Fill in columns 1-3 below)** *Purpose: This question seeks to confirm which key risks result in actors changing their behavior/decisions in such a way that the quantity, quality, timeliness, or appropriateness of the assistance they are trying to deliver is materially impacted, or such that the assistance is unable to be delivered at all. Not all risks will have an impact on delivery of assistance. Some risks will be controlled effectively or accepted by the actor in question. Number the risks described for reference in later sections.*

Participants first discussed perceived key risks separately in functional groups (direct implementers, intermediary donor, back donors), then discussed and compared in plenary discussion to reach an agreed picture of what key risks were most pertinent within their delivery chain. **The table was populated using the following color key code:**

<b>Text Color:</b>	<b>Purpose:</b>
<b>Red Text</b>	<b>Direct Implementer input from functional group</b>
<b>Green Text</b>	<b>Intermediary Donor input from functional group</b>
<b>Orange Text</b>	<b>Back Donor input from functional group</b>
<b>Black Text</b>	<b>Final statements resulting from consolidation of risk picture in plenary discussion</b>

**Consider the different elements that combine to create each key risk. Which element involved is the biggest threat to the delivery of assistance?** *Purpose: To analyze the different elements in each risk description and make sure that the most critical element is identified and isolated for consideration and treatment. Putting aside technical risk language, it should be clear that the element of a risk description that people focus on is not always the one responsible for negatively impacting the delivery of assistance to affected people.*

Within the simulation, it was not possible due to time constraints to explicitly identify what the main element was that required treating within each key risk identified, though at times participants had reached this end point in their discussion on the risks. **The main elements column was completed as part of the consolidation of risk identification finished between scenarios by the facilitators.** It was notable that the main elements grouped remarkably closely around several key themes, which are shown in the response opportunities devised in Stage 4.

Risk ID#	Key Risk Category	Key Risk Title	Main Element in risk that requires treating
1	Security Risk	Risk to local partner staff physical safety due to lack of capacity <ul style="list-style-type: none"> <li>- Risk to staff welfare due to lack of local partner capacity to manage risk (security procedures, duty of care, relocation capabilities, etc.)</li> </ul>	Lack of local partner capacity for preventive action
2	Security Risk	Risk to partner staff physical safety due to general insecurity <ul style="list-style-type: none"> <li>- Risk of physical harm to humanitarian staff due to general insecurity</li> <li>- Risk of staff being hurt as a result of criminality (e.g., carjacking)</li> <li>- Working in a conflict zone has collateral damage risks</li> </ul>	Lack of support for specifically local partner preventive and reactive response (financial and non-financial)
3	Security Risk	Risk to partner staff physical safety due to erosion of humanitarian space <ul style="list-style-type: none"> <li>- Working in conflict can present specific risks related to ethnicity for staff.</li> <li>- Risk of being associated with a party to the conflict by programming decisions.</li> <li>- Risk of erosion of humanitarian principles and being associated as impartial leads to risks to staff.</li> <li>- Risk to direct implementers trying to maintain humanitarian principles and resist pressure from parties to the conflict to influence aid decisions</li> </ul>	Erosion of humanitarian principles in the response is the issue, but why...
4	Security Risk	Risk to partner safety due to unintended consequences of risk mitigations <ul style="list-style-type: none"> <li>- Risk that direct implementers may be harmed due to reaction elsewhere in the delivery chain that leads to suspension/withdrawal of aid</li> </ul>	Need to consider impact of compliance responses
5	Security Risk	Risks to beneficiary physical safety due to DNH considerations <ul style="list-style-type: none"> <li>- Risks to beneficiaries during interventions (distribution site selection, other program design issues, etc.)</li> </ul>	Poor program design
6	Security Risk	Risk to partner assets and program inputs <ul style="list-style-type: none"> <li>- Risk of assets being lost as a result of criminality (e.g., carjacking)</li> </ul>	How losses from theft are dealt with (which includes

		<ul style="list-style-type: none"> <li>- Risk of looting</li> <li>- Risk of looting</li> <li>- Risk of aid diversion</li> <li>- Risk of aid diversion</li> </ul>	looting and aid diversion in this sense)
7	Fiduciary Risk	<p>Risk of corruption diverting resources from intended response</p> <ul style="list-style-type: none"> <li>- Risk of fraud in distributions (e.g., ghost beneficiaries)</li> <li>- Risk of corruption and fraud causing diversion of aid away from response (inc. involving local business, government, etc.)</li> <li>- Risk of corruption leading to loss of resources</li> <li>- Risk of collusion (inc. involving local government) leading to loss of resources</li> </ul>	How negligent and non-negligent incidents are dealt with to improve predictability of outcomes
8	Fiduciary Risk	<p>Risk of financial mismanagement leading to loss of resources</p> <ul style="list-style-type: none"> <li>- Risk of mismanagement inc. in procurement leads to wasting of resources.</li> </ul>	How negligent and non-negligent incidents are dealt with to improve predictability of outcomes
9	Operational Risk	<p>Risk of late/non-delivery due to inability to react effectively to contextual changes.</p> <ul style="list-style-type: none"> <li>- Risk of late/non delivery due to inability to adapt/react quickly enough to changing context/needs</li> </ul>	Response and compliance framework agility
10	Operational Risk	<p>Risk of late/non-delivery due to lack of appropriate implementing partners</p> <ul style="list-style-type: none"> <li>- Risk of late/non delivery related to lack of appropriate partners for context.</li> <li>- Risk that funding dynamics in-country may not favor the best-positioned to respond (e.g., use of pre-qualified partners, larger organizations, etc.)</li> <li>- Risk that lacks transparency in due diligence will hinder localized response</li> </ul>	Response and compliance framework agility
11	Operational Risk	<p>Risk of late/non delivery due to weight/fear of compliance framework</p>	Response and compliance framework agility

		<ul style="list-style-type: none"> <li>- Risk of non/late delivery due to heavy and rigid compliance requirements (eligibility, vetting, safeguarding, etc.)</li> <li>- Risk of non-delivery due to 'lowest denominator' approach to compliance among donors that leads to heavy rigid compliance requirements.</li> <li>- Risk of late/non-delivery due to compliance requirements with sanctions regulations (vetting, etc.)</li> <li>- Risk that delivery may be impeded by fear of fiduciary risks by donors</li> </ul>	
12	Operational Risk	<p>Risk of late/non-delivery of support due to poor program design</p> <ul style="list-style-type: none"> <li>- Risk of insufficient understanding of needs to operationalize response.</li> <li>- Risk of inappropriate response due to lack of analysis</li> <li>- Risk that local markets may not bear significant use of cash.</li> <li>- Risk of late/non-delivery due to poor program design</li> <li>- Risk of compromising overall response by interventions that distort local markets</li> </ul>	Poor program design
13	Operational Risk	<p>Risk of late/non-delivery due to staff capacity</p> <ul style="list-style-type: none"> <li>- Risk that staffing shortages exacerbated by scale-up may hinder response.</li> <li>- Risk of late/non delivery related to staff capacity during scale up</li> </ul>	Need for derogated hiring and onboarding practices
14	Operational Risk	<p>Risk of late/non-delivery due to challenges to humanitarian access/space</p> <ul style="list-style-type: none"> <li>- Risk of late/non-delivery due to challenging coordination with local stakeholders</li> <li>- Risk of affected people not getting the support they need due to undue influence on beneficiary selection</li> </ul>	Need to maintain primacy of humanitarian principles in partnership approach
15	Operational Risk	<p>Risk of late/non delivery due to withdrawal of access</p> <ul style="list-style-type: none"> <li>- Risk of withdrawal of community acceptance caused by temporary suspensions to other incidents, etc.</li> </ul>	Need to consider impact of compliance responses



16	Ethical Risk <sup>9</sup>	<p>Risk of doing harm to affected people through poor program design and operational practices</p> <ul style="list-style-type: none"> <li>- Risk of doing harm</li> <li>- Risk of doing harm (As related to ethnic considerations in response)</li> <li>- Risk of doing harm (inc. being conflict sensitive)</li> </ul>	Poor program design
17	Legal Compliance Risk	<p>Risk that partners cannot comply with complex legal compliance environment of response.</p> <ul style="list-style-type: none"> <li>- Risk that partners are simply not capacitated to response to due diligence benchmarks set by donors.</li> <li>- Risk of impacts on partners due to challenge of complying with both national law, international sanctions, and other donor rules and regs</li> </ul>	Weight of compliance requirements
18	Reputational Risk	<p>Risk that compliance reaction to past incidents jeopardizes current response.</p> <ul style="list-style-type: none"> <li>- Risk that reputational issues related to corruption issues impact on ability to deliver in future.</li> <li>- Risk that reputational issues related to waste may impact funding for future response.</li> <li>- Risk that reaction to one incident impacts on ability of others to respond thereafter.</li> <li>- Risk that reaction to harassment and sexual abuse becomes reputational management rather than victim support and incident management</li> </ul>	Need to consider impact of compliance responses
19	Reputational Risk	<p>Risk that immediate reactions to current incidents may impact ongoing response.</p> <ul style="list-style-type: none"> <li>- Risk that social media coverage of different issues may lead to over-reaction or unduly quick reaction to potential incidents, impacting response</li> </ul>	Need to consider impact of compliance responses
20	Reputational Risk	<p>Risk that reputational requirements of donors may overshadow needs of response.</p> <ul style="list-style-type: none"> <li>- Risk that reputational requirement for donor visibility overshadows needs/priorities of the response as a whole (e.g., branded NFIs vs unbranded cash, being 'seen to be doing something' etc.)</li> </ul>	Maintenance of needs of population of concern as prime objective

<sup>9</sup> Note that SEA risks were briefly discussed, but were out of scope for the simulation, so for brevity have not been included in this risk identification stage.

**2. Have you shared, collated, and discussed this risk identification with the other relevant actors in your delivery chain?**

*Purpose: To ensure the risks identified have been collated and discussed between the relevant actors to ensure that the nature of the risks is consistently understood, and their significance agreed upon. If steps 1-2 above have been undertaken independently by each actor in the delivery chain, they must now be combined collaboratively. This is a prerequisite for further discussion on the validity and relevance of risk response strategies and possibilities for risk sharing in the following sections.*

**Yes** (a summary of the risk identification was shared with the delivery chain participants as part of the simulation)

STAGE

03

## RISK RESPONSE STRATEGY ASSESSMENT

*The overall purpose of this stage is to create a shared picture of the response strategies already in place to address key risks identified in Stage 2, and to evaluate whether they satisfactorily mitigate key risks in the delivery chain, or create new gaps/issues that should be addressed by further risk sharing (operationalizing Principles 1, 2, 3, 5 and 6). This will require actors to collectively consider each of the key risks identified in Stage 2 in turn, to ask the following questions:*

**1. What risk response strategies – including the decision (proactive or passive) not to act – are currently used by different actors in the delivery chain to address the critical elements of the key risk identified in Stage 2? (Fill in Columns 1-4 in table below)** *Purpose: Identify how each risk identified is treated by the identifying actor (e.g., avoided/transferred/reduced/accepted, or shared.) This includes recording any risks that have been transferred or avoided by one actor to the detriment of another arising from that actor's decision not to take action. It is important to consider the impact of passive failure to act as well as proactive decisions which result in inaction.*

**2. Which risk response strategies to address the key element of risk might be described as positive risk sharing solutions between actors in the delivery chain? (Add in Column 6)** *Purpose: Identify which risk sharing solutions are already in place, in case they can be improved, scaled up or replicated within the delivery chain, or contribute to best practice for use elsewhere.*

**3. Have any of the risk response strategies used by one actor in the delivery chain resulted in one or more of the other actors changing their behaviors, policies and/or practices in such a way that materially impacts the quantity, quality, timeliness, or appropriateness of the assistance they are trying to deliver? If so, which ones? (Add in Column 6 where appropriate)** *Purpose: Identify if all strategies of all partners are helpful (or at least not harmful) in managing risk in the delivery chain, or whether there are particular risk response strategies (e.g. avoid/transfer/reduce/accept/share) that have the effect generating new risk or of transferring existing risk elsewhere in the delivery chain in a manner that is unplanned/inequitable in that it leaves another actor unable to manage the risk. Such a strategy may be a target for risk sharing improvements.*

**4. Which response strategies are preventative, in place to address the risk by preventing or reducing the likelihood of the key risk occurring and which response strategies are reactive, in place to address the risk by seeking to limit or reduce the consequences of the key risk should it materialize? (Add in Column 5)** *Purpose: Identify where this is a deficit in response strategies in either preventative or reactive measures, which could be a target for improved risk sharing.*

**5. Which key risks in the delivery chain are currently not adequately treated as a result? (Evaluate overall and answer in Column 7)** *Purpose: Highlight what the target risks should be for work to identify additional risk sharing solutions.*

During Stage 3, a pre-planned decision was taken for participants to consider only Security Risks, Fiduciary Risks and Operational Risks Identified during Stage 2 in their assessment of risk response strategies. Participants were split into vertically integrated groups to start the discussion, working on all 15 risks in these categories identified in Stage 2. However, it was found that while the discussion was enlightening, this was a heavy task to conduct from scratch in a simulated environment, while discussions tended to skip forward towards risk sharing solutions that were envisaged to be discussed in Stage 4 later on. It may be the case that in real-world situations, where the risk response assessment would likely draw on existing risk analyses and risk management frameworks, this would not be the case, but it does point to an indication that the sequenced design of Stage 3 should perhaps be revised for brevity, allowing participants to 'cut to the chase', so the template table in Stage 3 was removed.

STAGE

04

## IDENTIFICATION OF RISK SHARING OPPORTUNITIES

*The overall purpose of this Stage is to identify opportunities for increased mutually acceptable risk sharing, based on the assessment of gaps/challenges in risk response strategies developed in Stage 3 (operationalizing Principles 1, 2, 3, 4, 5, 6, 7).*

- 1. Are there best practice or innovative preventative or reactive risk response strategies that could replace current response strategies identified as having an impact on the ability of other actors in the delivery chain to deliver assistance?** *Purpose: Identify possible risk sharing solutions to compliance-based challenges while recognizing individual actor risk appetites.*
- 2. What best practice or innovative preventative risk response strategies could be applied to other risks that are not adequately treated, to better share the risks between actors to improve delivery of assistance?** *Purpose: Identify possible risk sharing solutions for prevention while recognizing individual actor risk appetites.*
- 3. What best practice or innovative reactive risk response strategies could be applied to other risks that are not adequately treated, to better share the risks between actors to improve delivery of assistance?** *Purpose: Identify possible risk sharing solutions for addressing impact of materializing risks while recognizing individual actor risk appetites.*

During Stage 4, participants were asked to consider their responses from Stage 3 and focus on i) risk sharing opportunities around security risks specifically through the lens of smaller direct implementing organizations, ii) fiduciary risk sharing opportunities and iii) risk sharing around operational risks, specifically considering those risks with a dimension of humanitarian principles which was shown in Stage (risk identification) to be a cross-cutting issue across several risk categories. Participants were not asked to look at reputational risk sharing opportunities, explicitly to see if they would be teased out as elements of security, fiduciary, or operational risk that they were considering.

The table below illustrates the key risk sharing opportunities that were identified in these categories in the time available, with participants having been asked to consider first the Security and Fiduciary Risk issues. (Color coding of risk sharing opportunities relates to next Stage.)

It was noted in Stage 2 that the underlying elements in the various key risks identified point to significant consistencies among the various risk titles and across the different risk categories. In particular, there were consistent references to the need for mitigations involving updating of processes and policies (at various levels depending on case in question), the need for greater agility in response and compliance framework design across the board, to consistently review the impact (intended or otherwise) of compliance measures and to ensure better quality in program design from the outset. This overall points to issues of principles rather than individual rules, which is a point returned to in the outcome report of this simulation.

EXAMPLE TEMPLATE FOR DOCUMENTATION OF FRAMEWORK PROCESS

Risk ID #s	Risk Titles	Description of revised/new risk response measure	Response Measure #	Preventative /Reactive measure
1 2	Risk to local partner staff physical safety due to lack of capacity  Risk to partner staff physical safety due to general insecurity	Create policy that clearly defines that national partners have duty of care responsibilities for their staff, but donors have corresponding responsibilities to allow them to identify their own security needs	1.1	Preventative
1 2	Risk to local partner staff physical safety due to lack of capacity  Risk to partner staff physical safety due to general insecurity	Create policy that ensures the flow through of financial aspects of security risk sharing to frontline responders (overhead, direct budget line inclusions for security costs, be they equipment-related, PSS, etc.)	1.2	Preventative
1 2	Risk to local partner staff physical safety due to lack of capacity  Risk to partner staff physical safety due to general insecurity	Work towards policy that recognizes flexible funding (beyond overhead) may represent a better investment and outcome for security of partners than existing arrangements	1.3	Preventative
1 2	Risk to local partner staff physical safety due to lack of capacity  Risk to partner staff physical safety due to general insecurity	Create policy and if necessary, funding commitments to capacity build lower capacity frontline responders	1.4	Preventative
1 2	Risk to local partner staff physical safety due to lack of capacity  Risk to partner staff physical safety due to general insecurity	Create policy that ensures that frontline responders can engage with assessment and access security information equitably, and allows for other actors to benefit in return from their knowledge	1.5	Preventative
4	Risk to partner staff due to unintended consequences of risk mitigations	Create a policy environment that disincentivizes seeing frontline responders left as 'low hanging fruit' by virtue of the security decisions of other actors (armed escorts, armored vehicles, etc.)	1.6	Preventative
2 3	Risk to partner staff physical safety due to general insecurity  Risk to partner staff physical safety due to erosion of humanitarian space	Introduce policy guidelines for adaptive programming to ensure frontline responders can adapt approach to security context (and are not forced to react in the same way when context changes)	1.7	Preventative

EXAMPLE TEMPLATE FOR DOCUMENTATION OF FRAMEWORK PROCESS

1	Risk to local partner staff physical safety due to lack of capacity	Create a policy environment that recognizes frontline responders' accountability for reacting to incidents, but strengthens their ability to draw on the humanitarian community's support (e.g., broadening of definitions of partners, incorporation into SLT policy, etc.)	1.8	Reactive
2	Risk to partner staff physical safety due to general insecurity			
3	Risk to partner staff physical safety due to erosion of humanitarian space			
4	Risk to partner staff due to unintended consequences of risk mitigations			
1	Risk to local partner staff physical safety due to lack of capacity	Broaden the scope for frontline responders to access appropriate insurance coverage to reduce impact of security risk consequences	1.9	Reactive
2	Risk to partner staff physical safety due to general insecurity			
6	Risk to partner assets and program inputs			
1	Risk to local partner staff physical safety due to lack of capacity	Create policy and budget for more structural approaches to fund major reactive security interventions (e.g., evacuations) that can include frontline responders	1.10	Reactive
7	Risk of corruption diverting resources from the response	Create policy that recognizes the cost of preventing (i.e., reducing the likelihood) of fiduciary risks materializing and what it entails (e.g. not just finance, but R&C, M&E, feedback mechanisms, etc.) providing a clear basis for what is reasonable to include as direct project costs from a cost perspective	2.1	Preventative
7	Risk of corruption diverting resources from the response	Create policy and budget for Institutional Strengthening (NOT capacity building) over longer-term, with separate funding frameworks/cycles	2.2	Preventative
7	Risk of corruption diverting resources from the response	Create policy guidance allowing for max 15% to be used as supplement for adaptive programming outside of project fund and outside catchment area to address arising risk concerns via preventative measures. Look at where we have discretionary flexibility in projects at country level and figure out how to scale them globally and systematize them and apply them to contingencies.	2.3	Preventative

EXAMPLE TEMPLATE FOR DOCUMENTATION OF FRAMEWORK PROCESS

7	Risk of corruption diverting resources from the response	Introduce guidelines and budget for proper lessons learned and accompanied institutional strengthening in aftermath of 'good faith' incidents, to prevent future risks materializing	2.4	Reactive
7	Risk of corruption diverting resources from the response	Create policy that better standardizes and incentivizes reporting (e.g., when, for what, and reducing potential punitive funding and reputational consequence where misconduct not yet substantiated for those that do)	2.5	Reactive
7	Risk of corruption diverting resources from the response	Create policy that better ensures that desire and consequence of disclosure does not create adverse consequences for delivery (e.g., broader programs suspensions pending investigations)	2.6	Reactive
7	Risk of corruption diverting resources from the response	Create policy that makes the consequences of fiduciary risk events more predictable when organizations have reported, acted in good faith, etc. (e.g., clear accountability around losses where agreed controls not followed, but predictable expectations around sanctions, rehabilitation, etc. to incentivize cooperation)	2.7	Reactive
7	Risk of corruption diverting resources from the response	Create policy that makes the consequences of fiduciary risk events more predictable when organizations have reported, acted in good faith, etc. (e.g., clear accountability around losses where controls were followed, inc. proactive measures around reputational safeguarding for impacted partners, future funding, etc.)	2.8	Reactive
7	Risk of corruption diverting resources from the response	Evaluate, review and correct, where possible, the effect of institutional controls and means to mitigate and respond to risk on downstream partners, and humanitarian program outcomes overall	2.9	Preventive

STAGE

05

## ACTION PLANNING FOR RISK SHARING

*The overall purpose of this Stage is to collaboratively agree which potential risk sharing solutions identified in Stage 4 should be collectively pursued by the actors in the delivery chain as part of individual follow up to secure sustainable solutions to the challenge of delivering assistance (operationalizing Principles 1, 2, 3, 4 5, 6, 7 and 8).*

**1. Reflecting on the various risk response strategies outlined for each key risk, which would present a realistic aspiration for each actor to engage on and seek necessary change internally to make part of their own risk management approach? (Copy relevant Risk ID #, Risk Titles, Response Measure # and Response Measure Descriptions from previous tables into table below)** *Purpose: Agree through discussion which risk sharing solutions will be worked on with view to adoption by the relevant delivery chain actors.*

To undertake this task, participants were led through two facilitated processes. Firstly, there was a **prioritization exercise** undertaken by the different organizations to highlight their perceptions of which risk sharing opportunities, if successfully implemented, could have the greatest impact for the delivery chain as a whole. This was conducted by providing each organization with six 'votes' numbered 1-6 (with one being the highest priority, 6 the 6<sup>th</sup> highest) and asked to assign them to their top 6 risk sharing opportunity statements. Once this picture was complete, the flip chart statements were re-ordered and discussed, leading to the elimination of 11 of 19 statements. It was notable that the main reason for discarding opportunities was the notional sense that they were higher-level 'strategic' risk sharing opportunities that required a longer lead time to achieve than would be achievable in this relatively short-term simulation context (i.e., 6-12months to deliver on). This included many of the opportunities that would have mitigated security and operational risks around erosion of humanitarian principles. This is a finding from the simulation that is dwelt on in more detail in the outcome report.

Secondly, the participants were then grouped into their functional groups and asked to estimate the feasibility (high, medium, low) of delivering on each of the remaining 8 risk sharing opportunities from their functional group's perspective. When voting was completed, the remaining risk opportunities were again re-ordered to highlight where there was a) unanimous agreement that measures were achievable, b) mostly achievable or c) unlikely to be achievable. On the basis of this plenary discussion, a further two risk sharing opportunities were discarded, leaving 6 risk sharing opportunities, which would form the basis for discussion on what could/couldn't be achieved in the action plan, given that the voting process was facilitative, not committal and in reality, all partners in the delivery chain would have to reach a consensus on what could be done. **For the purposes of the simulation, it was agreed to pursue the six risk sharing opportunities highlighted in the action plan below.**

**2. Is the approach to managing risk agreed between the actors above using risk response measures in such a way that they enable humanitarian action, not hinder it?** *Purpose: Check back that selected approaches are not an overreaction to past incidents leading to risk-averse, compliance-focused ways of working, which can limit where organizations work and reduce the quality and timeliness of their programs.*

It was generally agreed by participants that the risk sharing opportunities were sufficiently aspirational to add value to a response if conducted in reality.



**3. Is the proposed risk management approach for this delivery chain managing the risk, or is it managing the actors?** *Purpose: Ensuring that the architecture around risk management is enabling risk sharing, not hindering it. Institutions need clear and concise policies and guidance that empower staff to make decisions at the appropriate level, without leaving an over-reliance on discretionary decision making.*

It was noted that the overall deal still had a fairly heavy reliance on preventive rather than reactive risk sharing measures. It remained to be seen at the time how that would play out during implementation.

**4. Reflecting on the principles of the Risk Sharing Framework and the answers to the questions above, are actors in the delivery chain happy to move forward as planned - is it a 'good deal' for risk sharing?** *Purpose: Provide a sense check on whether the negotiated targets present a reasonable starting point for achieving the risk sharing sought.*

It was generally agreed that if such a package could be negotiated in real life, participants real organizations would be happy with the result.

## AGREED RISK SHARING ACTION PLAN

Risk ID #s	Risk Titles	Description of revised/new risk response measure	Response Measure #	Preventative /Reactive measure
1 2	<ul style="list-style-type: none"> <li>- Risk to local partner staff physical safety due to lack of capacity</li> <li>- Risk to partner staff physical safety due to general insecurity</li> </ul>	Create policy that clearly defines that national partners have duty of care responsibilities for their staff, but donors have corresponding responsibilities to allow them to identify their own security needs	1.1	Preventative
1 2	<ul style="list-style-type: none"> <li>- Risk to local partner staff physical safety due to lack of capacity</li> <li>- Risk to partner staff physical safety due to general insecurity</li> </ul>	Create policy that ensures the flow through of financial aspects of security risk sharing to frontline responders (overhead, direct budget line inclusions for security costs, be they equipment-related, PSS, etc.)	1.2	Preventative
1 2	<ul style="list-style-type: none"> <li>- Risk to local partner staff physical safety due to lack of capacity</li> <li>- Risk to partner staff physical safety due to general insecurity</li> </ul>	Create policy that ensures that frontline responders can engage with assessment and access security information equitably, and allows for other actors to benefit in return from their knowledge	1.5	Preventative
2 3	<ul style="list-style-type: none"> <li>- Risk to partner staff physical safety due to general insecurity</li> <li>- Risk to partner staff physical safety due to erosion of humanitarian space</li> </ul>	Introduce policy guidelines for adaptive programming to ensure frontline responders can adapt approach to security context (and are not forced to react in the same way when context changes)	1.7	Preventative
7	<ul style="list-style-type: none"> <li>- Risk of corruption diverting resources from the response</li> </ul>	Create policy that recognizes the cost of preventing (i.e., reducing the likelihood) of fiduciary risks materializing and what it entails (e.g. not just finance, but R&C, M&E, feedback mechanisms, etc.) providing a clear basis for what is reasonable to include as direct project costs from a cost perspective	2.1	Preventative
7	<ul style="list-style-type: none"> <li>- Risk of corruption diverting resources from the response</li> </ul>	Create policy that makes the consequences of fiduciary risk events more predictable when organizations have reported, acted in good faith, etc. (e.g., clear accountability around losses where controls were followed, inc. proactive measures around reputational safeguarding for impacted partners, future funding, etc.)	2.8	Reactive

STAGE

06

## IMPLEMENTATION OF RISK SHARING ACTIONS

*The overall purpose of this Stage is to highlight that there is a requirement for actors to independently (or in some cases perhaps collaboratively) take the actions agreed in Stage 5.*

**1. There are no guiding questions in Stage 6. Outline the indicated timelines for implementing each action, who is responsible in the organization for driving the change and what the arrangements for feedback are in the table below.**

**Not covered in simulation**

*The overall purpose of this stage is to reflect on whether the end result of the process has supported the objective of the Framework (i.e., contributed to improved support to affected people).*

**1. How good has coordination and collaboration between partners in your delivery chain been?** *Purpose: Check the level of collaboration in your process. Reflect on answers from Stage 1 on equity, representation, and dialogue. Competition between humanitarian organizations weakens incentives to share information related to risk, which increases risk exposure for all actors.*

**Not covered in simulation**

**2. Did the risk sharing action plan that has been implemented have broad support/acceptance among the actors in the delivery chain involved?** *Purpose: Confirm whether the process led to a conclusion that actors felt was equitable and proportionate to the risk capacities and risk appetites of those actors involved.*

**Not covered in simulation**

**3. Have the risk sharing response strategies targeted for implementation in the action plan been successfully implemented by the actors involved?** *Purpose: Identify whether commitments made within action plans were able to be converted into risk sharing outcomes and why?*

**Not covered in simulation**

**4. How is your organization learning from your operational experience and sharing with others?** *Purpose: Ensuring that actors in a delivery chain using the Framework have a process in place to understand their successes and failures, scale what works and capture examples of innovation in risk sharing to share with others inside and outside their delivery chains for the benefit of the wider sector (e.g. policies among back donors, intermediary donors, etc.)*

**Not covered in simulation**