SHF DUE DILIGENCE AND CAPACITY ASSESSMENT (OCHA HUMANITARIAN FINANCING UNIT)
SHF Eligibility Process
FSC Partners meeting
06 April 2022
• Recommendations come from clusters initially
• OCHA reviews recommendations and consults internally
• OCHA conducts pre-screening (Due Diligence (DD)) of potential partners
• Potential partners that pass DD are forwarded to an external third party for full Capacity Assessment (CA)
• Proxy Capacity Assessment (PCA) may be considered where a potential partner has recently undergone a HACT Micro-assessment
• NGOs that pass CA are informed & onboarding to SHF begins
CA aims to determine whether an NGO has sufficient institutional, managerial, financial and technical capacity for eligibility using a standardized assessment process:

- Financial Management (30%)
- Technical Capacity (15%)
- Logistics (15%)
- Human Resources (10%)
- Monitoring & Evaluation (10%)
- Organizational Information (10%)
- Funding (5%)
- Coordination & Partnerships (5%)
### Outcome of CA determines risk level

<table>
<thead>
<tr>
<th>Score</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>80 – 100</td>
<td>Organisation is eligible as a Low Risk partner.</td>
</tr>
<tr>
<td>65 – 79.99</td>
<td>Organisation is eligible as a Medium Risk partner.</td>
</tr>
<tr>
<td>50 – 64.99</td>
<td>Organisation is eligible as a High Risk partner.</td>
</tr>
<tr>
<td>40 – 49.99</td>
<td>Organisation is conditionally eligible as a High Risk partner (can receive funding upon demonstrating improvements within the period of six months)</td>
</tr>
<tr>
<td>0 – 39</td>
<td>Organization remains ineligible.</td>
</tr>
</tbody>
</table>

- Risk level is dynamic/ changes with implementation
- Risk management is central to the SHF
SHF relies on a risk-based approach in making all the funding decisions.

Thorough analysis of risks is undertaken to identify appropriate assurance modalities required to mitigate these risks.

The risk management and assurance activities are undertaken at various levels on a continuous basis i.e. partner selection, funding proposal review, funds disbursement, implementation and project closure.
The SHF Accountability Framework consists of interlinked pillars which include:

- Partner capacity assessment, risk rating and due diligence
- SHF operational/funding modalities
- Project monitoring - (field and remote) & financial spot checks
- Project reporting (financial and programmatic)
- Project audits
- Information sharing between UN agencies
- Partner performance assessment and risk rating

Note: IPs may be temporarily removed from the SHF eligibility list due to incomplete due diligence status or outstanding oversight and compliance issues.
Questions?