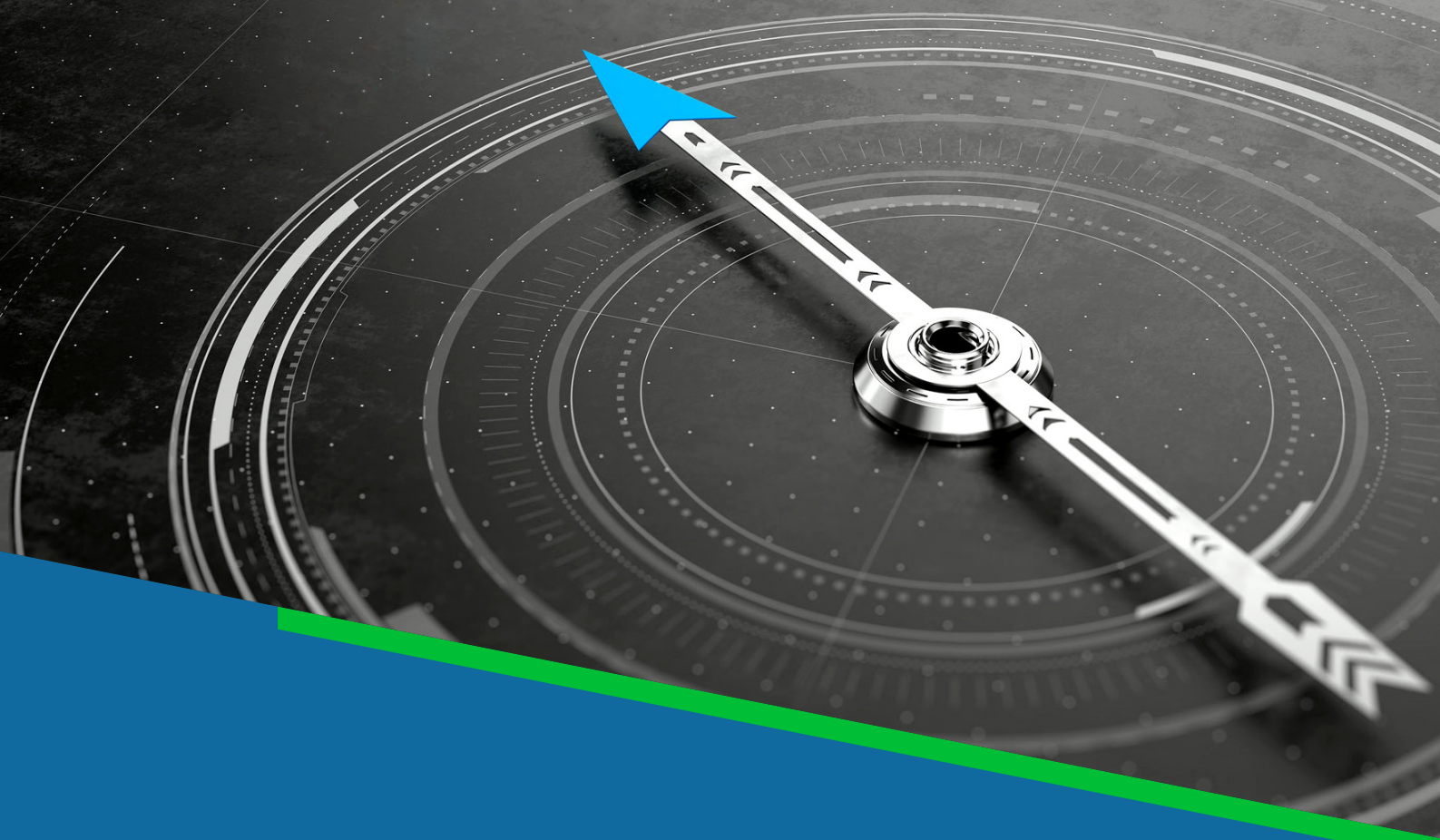

RISK MANAGEMENT **STRATEGY** 2021



RISK MANAGEMENT STRATEGY 2021

ABBREVIATIONS

AFARD	Agency For Accelerated Regional Development
BoD	Board of Directors
CCTV	Closed Circuit Television
DDPs	District Development Plans
DLG	District Local Government
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FIA	Financial Intelligence Authority
HIV	Human Immunodeficiency Syndrome
KNH	KindernoteHilfe
LC	Local Council
LLG	Lower Local Government
M&E	Monitoring and Evaluation
NDP III	National Development Plan 3
NGO	Non-Government Organization
NRM	Natural Resource Management
NUAEP	Northern Uganda Agriculture Extension Platform
OPM	Office of the Prime Minister
PELUM	Participatory Ecological Land Use Management
RDC	Resident District Commissioner
SDGs	Sustainable Development Goals
UNASO	Uganda National AIDs Support Organization
UNICEF	United Nations Children's Fund
URSB	Uganda Registration Services Bureau
UWASNET	Uganda Water and Sanitation Network
WNHP	West Nile Humanitarian Platform

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1.0 INTRODUCTION

The Agency For Accelerated Regional Development (AFARD) is a registered local, not-for-profit, non-denominational and non-governmental organization (NGO - Reg. No. S.5914/3753) formed in July 2000. Currently, AFARD operates in 8 of the 11 districts of West Nile region (Pakwach, Nebbi, Zombo, Arua, Yumbe, Moyo, Obongi, and Adjumani). It is also a member of national and district NGO networks including Uganda National NGO Forum, Participatory Ecological Land Use and Management (PELUM), Uganda Water and Sanitation Network (UWASNET), West Nile Humanitarian Platform (WNHP), Northern Uganda Agricultural Extension Platform (NUAEP) and Uganda National AIDS Services Organization (UNASO), among others. Over the years, AFARD has accumulated vast knowledge, experience and expertise in the areas of sustainable agriculture, enterprise development, youth skilling, preventive community health and community-led advocacy. It has successfully implemented several projects with funding from different agencies including the European Union, Danida, Austrian Development Agency, FAO, UNICEF, Irish Aid, Gorta/Self Help Africa, Global Fund for HIV/ AIDS, Cord Aid, HORIZONT3000, Civil Society Fund, AWO – International, Kindernothilfe (KNH), Manos Unidas, Sall Family Foundation, Total Bv, and the Embassies of Canada, Ireland and Netherlands, among others. It has also implemented projects and programmes in consortia with different local and international development organizations.

Our identity

AFARD's vision is a "prosperous, healthy, and informed people of West Nile."

This vision is still as relevant as it was 20 years ago. "Prosperity" is about economic resilience to livelihood shocks and stress.

"Health" focuses on enabling poor people to live long and productive lives. Finally, "informed" seeks to ensure the people are literate, with marketable skills, and are active citizens with rights and voices.

AFARD's mission is to contribute to the molding of a region in which the local people (men and women), including those who are marginalized, are able to participate effectively and sustainably and take a lead in the development of the region.

Core Values

Our work is informed by respect for human dignity, equality, justice, and freedom. AFARD achieves this through

- Empowerment which creates local ownership and enables beneficiaries to lead our initiatives
- Professionalism
- Genuine partnerships based on mutual trust, respect and honesty, linkage and collaboration with like-minded stakeholders
- Transparency and accountability

Our Philosophy

Our work is fundamentally guided by the belief that people know their problems better; and it takes hard work to live a better life. Thus, economically vulnerable people who are facilitated and supported can lead holistic lives.

This is done in cognizant that change is gradual; it involves better management of time, drawing from hard lessons, openness, and flexibility. Therefore, capacity building can neither be rushed nor pre-determined. AFARD considers donors as friends that facilitate the beneficiaries' desired ends.

2.0 BACKGROUND AND RATIONALE

AFARD is growing both in its resources and outreach, and this growth is associated with contextual, operational, programmatic or strategic risks. Over time, AFARD has had different strategic plans with only risk matrices, which only listed the risks together with their likelihood and impact, but with no clear approaches and structures for risk management.

Risk management is relevant to AFARD because it considers both (potential) internal and external challenges in the environment in which AFARD operates. It is envisaged that risk management is not about the elimination of risks, but is a strategic process that should be driven by the management of AFARD, streamlined in its operations and applied at all levels. This calls for a well thought out system for risks identification, and management.

Purpose of the Risk Management strategy

This RM strategy will contribute to;

- Greater preparedness to reduce surprises and shocks related to potential and perceived risks
- Supporting programme planning,
- Aiding management decision making,
- Acting as a preventive tool against potential loss, prevent shocks and enhance operational efficiency as resources can be sparingly used to manage the most potent risks.

This Risk Management strategy was developed in May 2021, by a representative from the Board of Directors and all Senior and selected Middle Managers of AFARD. Technical support was provided by a Consultant through Horizont3000. It will be routinely reviewed to reflect emerging risks and changing scenarios.

Risk Management Principles

AFARD believes in harnessing strategic partnerships; and mainstreaming social and financial inclusion; Environmental Conservation; and Good governance. It has zero tolerance to fraud and financial mismanagement and promotes child protection, employees' safety and wellbeing; and takes full consideration of beneficiaries needs.

3.0 ENVIRONMENTAL SCAN

To get a clear overview of the potential risks to AFARD, an in-depth analysis has been undertaken using PESTEL and SWOT. This has helped to understand the internal and external factors that could bring possibility of danger, harm or loss as the organisation works to fulfil its mission and mandate.

3.1 PESTEL ANALYSIS

POLITICAL: The prevalence of peace and tranquility in the country creates a good working environment for the organization to implement its 2020-25 strategic plan. This, coupled with existing friendly government structures-central government (OPM), DLG (RDCs and LCV), LLG (LCI, LCII and LCIII), links the organization to the community and provides technical backstopping. However, the general elections of 2021 ushered in new leaders without knowledge & different perceptions of AFARD's work. This might disrupt implementation of planned and future activities. Also, the insurgency of rebel activities in Democratic Republic of Congo, South Sudan, and areas of West Nile region might hinder implementation of project activities and endanger the lives of the organization's staff. This could potentially affect mobility of staff and active participation of beneficiaries.

ECONOMIC: The COVID 19 pandemic has presented its own challenges to AFARD and her partners. The access to competitive prices due to bulk marketing of produce provided by cooperatives approach has been hampered as farmers are forced to sell their produce locally. Most of the beneficiaries have lost their economic mainstay thus increasing their vulnerability which in turn has made it difficult for AFARD to transition them to self-reliance. This has a bearing on the timeliness of the attainment of expected results and efficiency in budget uptake. High inflation rates coupled with fluctuating exchange rates will increase cost of service delivery and affect implementation of activities.

SOCIAL: The existence of local structures (kingdoms, paramount chiefs, chiefdoms, elder's forums, churches, mosques) enhances easy community mobilization, conflict resolution and management whilst providing relevant information for enhanced strategic decision making. The involvement of traditional and religious leaders can either give us strategic entry points to the community or make it difficult for AFARD to effectively steer the planned community transformation. It is therefore important that AFARD continues to engage positively with these leaders to ensure they understand our theory of change and get their input from the point of community needs analysis. Community-wide spread of COVID-19 may further reduce group engagement, breed hostility among host and refugee communities and increase cost of doing business. This, together with the persistent child abuse, gender-based violence, religious and cultural beliefs; and poor community attitude towards the work of AFARD may result in reputation risks.

TECHNOLOGY: Adaptation of Communication Technology (teleconferencing, WhatsApp groups, Facebook) improves communication and coordination of satellite offices, improved information flow and management. Additionally, installation of Closed-Circuit Television (CCTV) for video surveillance has enhanced security of assets. The virtual meetings have brought down the cost of holding meetings as well as the potential risk of spreading COVID 19 that could result from contact among individuals during physical meetings. Persistent poor network, power outage (load shedding) has however limited the use of Information Technology and Communication gadgets especially in the field offices. This technology is also expensive at the point of setup.

ENVIRONMENTAL: Good agricultural programming that encompasses Climate Smart Agriculture, Natural Resource Management (NRM), programmed hatching and Agro-ecology increases production and productivity of the soil. This leads to improved yields for both consumption and commercial purposes. On the other hand, changes in weather patterns may cause crop failure due to drought and flooding. Deleterious pests and diseases including poultry epidemics can also grossly affect the profitability of agribusiness. Suitable land for Agribusiness, which is normally

allocated by the OPM, has not been sufficient to cover the refugee community demand yet this is one of AFARD project deliverables. Due to the foregoing, farmers are at different levels of household income and economic sustainability.

LEGAL: Compliance with legal frame work gives AFARD confidence to operate in both national and refugee settings. NDPIII seeks to marshal NGO programmes to government development priorities hence providing a conducive environment for AFARD operations. Membership of umbrella organizations and networks (PELUM, UWASNET, UNASO) has encouraged AFARD compliance through peer accountability. The existence of multiple government agencies (FIA, URSB, National NGO Bureau,) has also resulted in more compliance requirements.

3.2 SWOT ANALYSIS

Strengths	Weaknesses
<ul style="list-style-type: none"> • Strong BoD leadership providing oversight role into AFARD's management and operations • Efficient logistics which facilitate smooth function of the organization's programmes • Competency and experience in livelihood programming which enhance trusted relationships with donor community • AFARD Social enterprise which brings in extra income • Own office premises • Legitimacy: Legally registered; has political support for its actions; has community acceptance • The organization's reputation built over time makes it possible to attract and retain skilled employees. • AFARD has entrenched a culture of honesty, openness, innovativeness; open door policy and a high sense of volunteerism • Experienced, committed staff which forms a cohesive team • Participatory, evidence-based approaches which produce long-term impacts and sustainability of interventions. • AFARD prioritizes vulnerable and excluded social groups thereby broadening our support base • Good, transparent and accountable partnerships with donors, government, civil society and beneficiary communities have resulted in exponential growth of AFARD's work and geographical reach. • AFARD has a well-articulated 6 year strategy (2020 - 2025) 	<ul style="list-style-type: none"> • High donor dependency that affects future sustainability of the organization • Weak visibility of the organization to show case our presence and work • Weak IT policy as most staff still use personal emails and some districts do not have teleconferencing facilities • Poor reading culture among the staff affecting project and policy implementation and adherence • Project based identity of field staff that affects implementation of AFARD cross cutting issues • Slow information flow between management and field staff hence affecting decision making • Reliance on project based financing that makes it difficult to retain competent and AFARD trained staff at the end of each project cycle. • Differences in staff abilities and capacity affects delivery of programme activities

Opportunities

- Growing donor demand for consortium approach is increasing partnership opportunities for resource mobilization.
- Relevant government and donor policies like SDG, NDPIII, and DDPs provide a conducive legal environment for AFARD work.
- Membership in national and district networks strengthens resource mobilization, capacity building and compliance
- Increasing donor focus on agricultural and climate change programmes provides funding opportunities for AFARD's 2020/2025 strategy
- Geographical location within the refugees catchment areas and the neighborhood of Congo and South Sudan has potential for programme expansion, innovation and growth.
- Government support at district and national levels act as an entry point for marketing purposes
- AFARD is moving towards specialization of programme areas resulting in the need to build the capacity of staff to deliver in this new dispensation

Threats

- COVID 19 pandemic has increased the cost of operation and management of projects
- Climate change is affecting output of crop production resulting into low yield
- Political instability in DRC and South Sudan resulting into influx of more refugees and humanitarian crisis which affects service delivery and safety of staff.
- Unpredictable donor/government relationships may potentially reduce donor financing for the civil society work.
- Short project cycles that do not sustain interventions long enough for realization of meaningful impacts and sustainability of AFARD
- Rigidity in budgeting guidelines for board and local government involvement by some donors might affect implementation of some activities that need LG technical competence and board oversight.
- Working in a consortium with partners from different organizations with varying organizational cultures comes with different interests and capacities. This can raise issues of donor compliance and consortia fit.

4.0 ORGANISATION APPROACH TO RISK MANAGEMENT AND EXISTING TOOLS

AFARD has defined an effective risk management process anchored in clear risk management structures with different responsibilities including risk owners and coordinators. All staff members will be taken through the risk management process to ensure clarity of roles and responsibilities. In managing her risks, AFARD will make decisions using the following four parameters.

- i) Avoid risks that may carry extremely high impact to her work and existence
- ii) Transfer some of her risks through use of third parties like insurance, mobile money platforms and sub-contracting
- iii) Accept risks that are rated to have a very low impact
- iv) Develop mitigation measures for unavoidable risks through having clear plans and well thought activities

AFARD will make use of existing tools which include the 2020-2025 Strategic Plan that sets a direction for AFARD operations highlighting the potential risks associated with delivery of its mandate. The Human Resource Policy defines the working conditions and safety of the employees that guard both the organization and employees against risks. Annual work plans will stipulate the what, when and how to implement activities thus helping to identify and avert certain risks. Other tools include the Finance and Administration Manual, Project documents like proposals, budgets, M&E Framework, Training Manuals, Reporting documents, donor agreements and Audit Reports. These will be reviewed whenever necessary to address any changes that arise.

5.0 INSTITUTIONAL ARRANGEMENTS FOR RISK MANAGEMENT

The risk management strategy will be domiciled in the office of the Executive Director. However, various teams will have specific roles to ensure the successful implementation of the risk register. The roles and responsibilities have been delineated as per the table below:

Teams	Roles
Board of Directors and the Committees	<ul style="list-style-type: none"> • Strategic decision/approval of annual risk management plan • Biannual review of major risks facing AFARD • Committee oversight on risk management • Assist in the processing and mitigation of strategic risks
Top Management	<ul style="list-style-type: none"> • Holistic assessment of risks and formulation of risk-informed strategic and annual plan and budget • Undertake periodic comprehensive review of risks to inform decision-making • Coordination of risk owners to ensure risk management plan implementation, review • Reporting on risk to the Board of Directors and Managers (risk owners) • Staff capacity building on risk management
District Team Leaders and Supervisors	<ul style="list-style-type: none"> • Raise awareness of the most significant risks in their area of responsibility • Periodically assess and report on risks (monthly) • Documenting risks and opportunities in a structured and systematic way • Involving other staff members in the management of risk • Harmonization of risk assessment approaches • Training of staff on risk management
Extension and Administration staff	<ul style="list-style-type: none"> • Mainstreaming risk management in their day-to-day operations • Identifying and reporting on risk in daily engagements and weekly meetings • Training beneficiaries on risk management practices
Beneficiaries and external stakeholders	<ul style="list-style-type: none"> • Understanding AFARD's risk management approach • Supporting AFARD's risk management practices (investment, training, financing) • Providing feedbacks on AFARD's risk management practices

6.0 RISK MONITORING AND REPORTING PROTOCOLS

The Executive Director in liaison with Board Committees for FAARM and Programmes will coordinate the effective monitoring and implementation of the risk management plan. The various risk owners will routinely monitor and update the risk register through weekly activity reporting, monthly Managers support visits and meetings, quarterly management spot visits and meetings, (b)annual performance Board visits and review meetings. By so doing, all emerging risks will be incorporated into the risk register, monitored, updated and reported on.

ORGANISATION RISK REGISTER

No	Main Risk Area	Risk Drivers / Causes	Likelihood	Impact	Risk Rating	Mitigating Measures	Risk owner
Strategic Risks							
1	Disruption of AFARD operations	<p>Outbreak of the COVID 19 pandemic among staff members</p> <ul style="list-style-type: none"> Staff interaction with local community Low adherence to COVID 19 protocols <p>High community infections affecting beneficiaries</p> <p>Low adherence to COVID protocols</p>	3	4	3.5	<ul style="list-style-type: none"> Enforce vaccination for all staff Adherence to COVID 19 Protocols (social distance, sanitizers, masks) Ensure all staff members have access to sanitizers and masks when going to the field 	Team Leader of each office
		<p>High community infections affecting beneficiaries</p> <p>Low adherence to COVID protocols</p>	3	4	3.5	<ul style="list-style-type: none"> Project activities to include awareness on COVID 19 protocols Mobilise the community to take the COVID 19 vaccine 	Team Leaders of Offices
		<ul style="list-style-type: none"> Decreased implementation and monitoring of project activities in Zombo, Nebbi and Pakwach Insecurity (Armed rebels) from DR Congo 	1	4	2.5	<ul style="list-style-type: none"> Cooperation and coordination with security agencies Give staff security training at induction and regular refresher sessions Find security briefings about affected areas 	Director Programmes
		Lack of a succession policy	5	5	5	<ul style="list-style-type: none"> Review the existing organogram to include positions of deputies Formulate a succession policy 	Board of Directors
2	Loss of opportunities for funding and networking	<ul style="list-style-type: none"> Limited Visibility Lack of appreciation of visibility within AFARD Limited branding nationally and internationally <p>Weak IT policy</p> <p>Low level of digitalization of our operations</p>	4	3	3.5	<ul style="list-style-type: none"> Allocate a budget and resources (staff) for Communication & visibility and Public Relations Board engagement with government officials (MPs, from the region) 	Executive Director
		Weak IT policy	3	3	3	<ul style="list-style-type: none"> All staff to be assigned organizational e-mail addresses 	Director Finance & Administration
		Low level of digitalization of our operations	3	2	2.5	<ul style="list-style-type: none"> Staff capacity building Mobilization of resources for technology enhancement 	Executive Director

3	Reputational risk	<ul style="list-style-type: none"> No adherence to reporting timelines affecting quality of reports Poor work ethics 	3	4	3.5	<ul style="list-style-type: none"> Change management training Strict enforcement of reporting timelines Routinely taking staff through the related policies Increase team building activities among staff in various offices and AFARD-wide 	Director Programmes
4	Fraud /theft	No adherence to Local government regulations	2	4	3	<ul style="list-style-type: none"> Regular involvement of local government in AFARD projects and activities Regular sharing of periodic reports 	Director Programmes
5	Accident/death of staff	<ul style="list-style-type: none"> Weak supervision and enforcement of security protocols Limited internal security control system (CCTV) in Yumbe, Zombo and Pakwach offices 	2	4	3	<ul style="list-style-type: none"> Instituting of fleet management system Fuel rationing Strengthening internal security systems (CCTV) Regular sensitization on and enforcement of the whistle blowers policy 	Director Finance & Administration
6	Poor performance in projects implemented with weak consortia partners	<ul style="list-style-type: none"> Non adherence to HR and asset management policies 	1	3	2	<ul style="list-style-type: none"> Insurance (medical, third party, asset, group and life) Installation of tracking devices Regular reminders on policy provisions with drivers and other relevant staff members 	Director Finance & Administration
7	Declining performance of the Livelihood programme	<ul style="list-style-type: none"> Late disbursement of funds from the donor due to late submission of reports Disparities in organisation capacities among the partners Poor vetting of partners at consortia formation stage. Reliance on rain fed farming methods Low adoption of new farming technologies. Delayed delivery of inputs Low investment in climate proofing technology Post handling losses 	3	5	4	<ul style="list-style-type: none"> Selective engagement in consortia Strengthen the willing weaker partners through steering committees 	Director Programmes
8	Low sustainability of AFARD projects impacts	<ul style="list-style-type: none"> High dependency of farmers on AFARD Over reliance on handouts among refugees Weak project exit strategy 	5	3	4	<ul style="list-style-type: none"> Start small scale affordable irrigation projects Promote agribusiness among the farmers through up-scaling animal traction, value addition, insurance, collective marketing and enterprise selection. Proper work planning and adherence to timelines Diversification of enterprises 	Director Programmes
						<ul style="list-style-type: none"> Promotion of alternative sources of income. Change project startup approach to start exit narratives at entry Involvement of community leaders and beneficiaries in the project design 	Team Leaders

