

UNICEF evolved enterprise risk management framework

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UNICEF Executive Board – Informal briefing – 22 May 2024

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Vision for risk management

Robust enterprise-wide risk management will help UNICEF to secure success in its work for every child – recognizing that the **biggest risk is not reaching children**. It will enable a proactive and resilient organization to **safely face the risks** posed by the current environment and **confidently take the risks** required to achieve its objectives.

- Use as an active management tool to help the organization to take the right amount of the right type of risks, thus informing planning and decision-making;
- Be a forward-looking organization that systematically anticipates potential issues before they happen, manages expectations effectively and takes proactive action to reduce vulnerabilities and secure success;
- Build a comprehensive and streamlined system of risk assessment, control and assurance functions that work together efficiently based on a shared understanding of key risks;
- Apply risk mitigation, control and oversight efforts that are proportionate to the levels of risk associated with the delivery of results for children;
- Foster an open culture of risk awareness that encourages all stakeholders to transparently flag risks ahead of time, confidently take necessary risks and plan for and learn from failure.



Bringing ERM to its next level of maturity, building on solid foundation of existing risk management practices

Safely face and confidently take risks required to deliver results for children

- Use risk management as an active management tool to help the organization to take the right amount of the right type of risks, thus informing planning and decision-making;
- Be a forward-looking organization that systematically anticipates potential issues before they happen, manages expectations and takes proactive action to reduce vulnerabilities and secure success;
- Build a comprehensive and streamlined system of risk assessment, control and assurance functions that work together efficiently based on a shared understanding of key risks;
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- Foster an open culture of risk awareness that encourages all stakeholders to transparently flag risks ahead of time, confidently take necessary risks and plan for and learn from failure

> Make it actionable

2. Defined top risks for the organization and clarified risk appetite

> Keep it simple

4. A positive culture of risk awareness and strong risk management capabilities

harmonized tools and processes, integrated into planning and decision-making

5. Simplified and

> Bridge the siloes

6. A collaborative stakeholder and peer environment embracing risk sharing

 Revise key risk policies and procedures

1. A simplified risk

policy and risk

framework, centered

on results for

children

- Simplify guidance and taxonomy of risk categories
- Align around results for children during midterm review

- Strategic risk assessment
- Have risk appetite discussions as part of top risks and updated emergency procedures
- Capture risk appetite in overall risk appetite statement
- Define roles and responsibilities across three lines of defense, and across CO/RO/HQ

3. A formalized

organizational

structure and

governance for risk

management

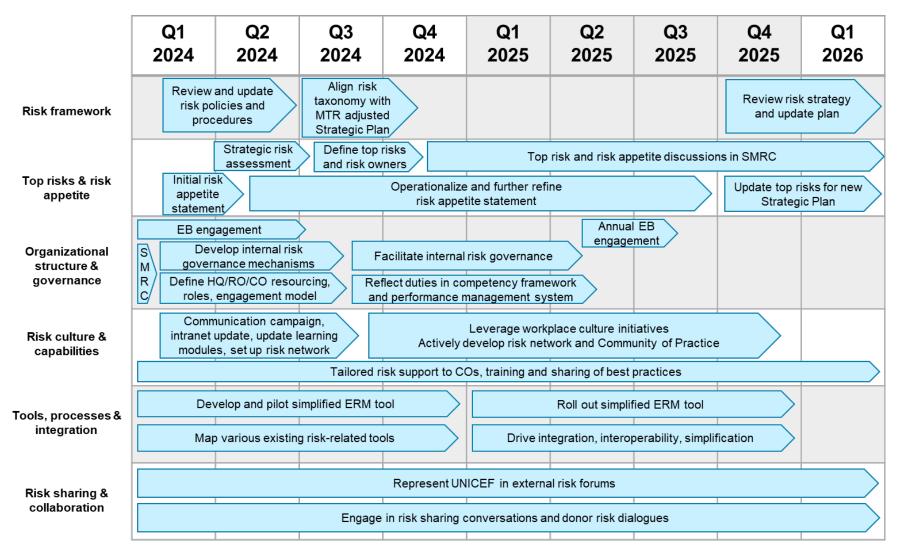
- Review risk manager roles and risk team structures in CO/RO
- Assign top risks to risk owners
- Define governance and engagement on risk

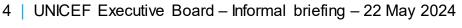
- Communication campaign to propagate risk vision and training to target cultural change
- Risk data and knowledge management with updated enterprise risk management intranet
- Tailored risk support to COs/initiatives and sharing of best practices
- Set up risk network and community of practice

- Pilot simplified ERM tools and procedures
- Integrate and simplify existing programmatic and operational risk tools
- Review operational rulesbased risk controls in policies, procedures and processes
- Represent UNICEF in UN Risk Management Forum and other external forums
- Engage in risk sharing conversations with stakeholders and donors

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Many activities already underway

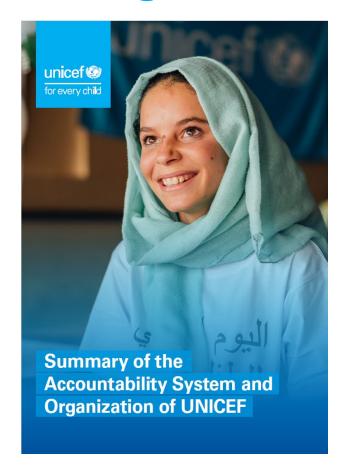




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Risk governance



- Three Lines Model
- Senior Management Risk Committee
- Global, Regional and Country Management Teams
- Various other management committees
- Executive Board



Senior Management Risk Committee

Terms of Reference v1 January 2024

1. Purpos

The UNICEF Senior Management Risk Committee (SMRC) is a corporate management committee responsible for overseeing the effectiveness of the organization's approach to Enterprise Risk Management (ERM) and organizational resilience. The SMRC brings together a cross-disciplinary group of senior leaders to take an enterprise-wide and holistic view of key strategic and organizational risks and provides guidance on proportionate risk mitigation and risk appetite.

The SMRC acts as an advisory body to executive management on the most critical risks that could potentially have an impact on the ability of UNICEF to achieve its mission and strategic goals. It promotes responsible risk-taking and sound risk management practices throughout the organization to enable outcomes for children. It serves as a forum to take an aggregated view of cross-cutting and common country and regional level risk areas where a corporate position or a global initiative can support local risk management or inform risk-related decision-making by country and regional level management teams and risk committees.

2. Functions and responsibilities

- Enhancing UNICEF's risk awareness and promoting a culture of responsible risk-taking and sound risk management practices to overcome risk aversion and enable necessary risktaking to secure outcomes for children.
- Reviewing key strategic and organizational risks (programmatic as well as operational, financial, reputational, etc.) by understanding risk factors and potential consequences, evaluating the effectiveness of existing risk mitigation including based on audit and evaluation findings, and providing guidance on risk appetite and further mitigation to be implemented. Ensuring adequate risk ownership and providing feedback to risk owners presenting to the committee. Identifying inter-relationships and trade-offs between risks and ensuring coordinated risk mitigation plans are being developed.
- Fostering an open atmosphere where risk information can be shared transparently
 without fear of repercussions. Promoting cross-disciplinary exchanges of different
 experiences, perspectives and risk appetite preferences to find common ground, balance
 trade-offs appropriately, and shape a corporate position.
- Providing guidance to country and regional level management teams and risk committees
 where a corporate position is needed and communicating clear guard rails within which
 risk can be taken to secure outcomes for children. Making linkages with country and

Executive Board engagement on risk

- Proposal to use annual risk updates, starting in 2025, to support the Executive Board in its risk oversight duties
- Annual risk report to provide an update on **risk** management arrangements in place as well as on the **most critical risks** that could potentially have an impact on the ability of UNICEF to achieve its mission and strategic goals in the future
- Annual session would best align with UNICEF internal workplanning and risk identification processes



Review of governance and oversight of the Executive Boards of the United Nations Development Programme/United Nations Population Fund/United Nations Office for Project Services, the United Nations Children's Fund and the United Nations Entity for Gender Equality and the Empowerment of Women

Report of the Joint Inspection Unit

Prepared by Conrod State

