Enterprise Risk Management in WFP

28 February 2011



Resource Management & Accountability Department

For this discussion, we will structure risks according to the Humanitarian Policy Group-commissioned paper

Contextual Risk:

Risk of state failure, return to conflict, development failure and humanitarian crisis. Factors WFP is affected by, but over which we have very little control

Programmatic Risk:

Risk of not reaching our objectives through our programmes or the potential of causing harm to others, such as the risk of drawing beneficiaries into a conflict zone or of hurting fragile economies with aid.

Institutional Risk:

Risks with significant implications for WFP, such as security issues, reputational loss, and financial losses through corruption. These can affect WFP as an institution, and could compromise our ability to reach people in need.

Risk Management is a key part of actions to strengthen Financial Management & Accountability

Risk management policy approved by EB

 Requires all managers to undertake regular risk assessments and to maintain risk registers
 2005

Adoption of IPSAS

- IPSAS accounting standards applied for new annual Accounts
 - 2008

Implementation of WINGS II

 Considerably increase in the reach of existing Enterprise Resource Planning system
 2009

Strengthening Managerial Control & Accountability Programme

 Programme to implement best practice on Internal Control including Performance & Risk Management

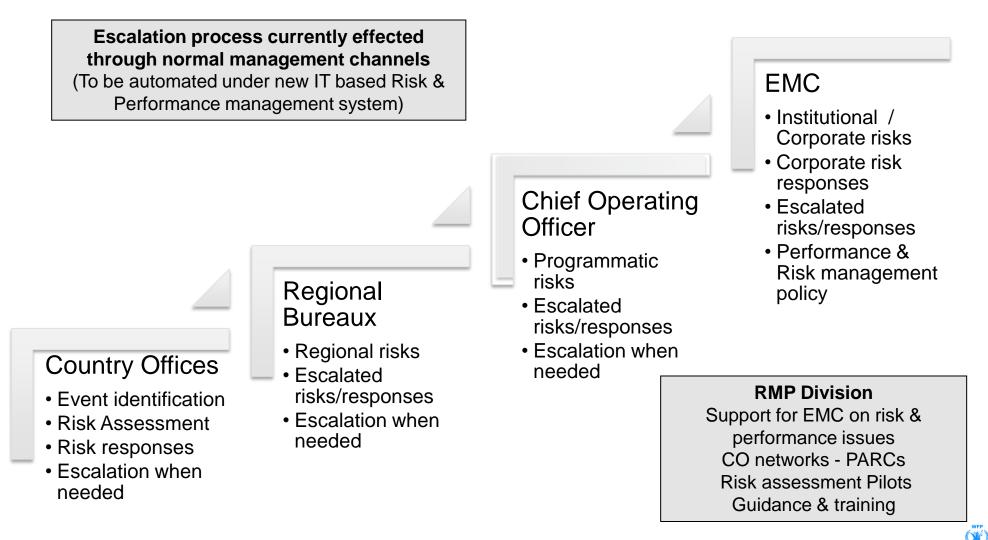
2009-ongoing

Risk Management system development

 RMP to develop system to fill gap to systematically collect and share risks up/down the organization
 2010-ongoing

The main elements of WFP's Risk Management Process

Event identification	Risk assessment	Risk tolerance	Risk Response
 Identify potential events that, if they occur, will affect the entity Determine whether they represent risks or opportunities to the achievement of strategic and management objectives 	 Assess likelihood and impact of potential events on WFP's objectives using qualitative and quantitative methods. Examine positive and negative impacts of potential events individually and by category Assess risks on both an inherent and residual basis (risk remaining after control activities) 	 Identify specific risk tolerance on a caseby-case basis. Risk tolerance represents an acceptable level of variation relative to the achievement of a particular objective. Measure risk tolerance in the same units as the objectives to be achieved. 	 Determine risk response Avoidance Control (reduction) Acceptance Transfer.



Senior Management Review The newly created Executive Management Council (EMC) will review the effectiveness of risk and performance management arrangements and those risks escalated to the Committee for consideration

Focal points in Country Offices

A Network of Performance and Risk Management Champions (PARCs) has been established across all country and regional offices

Training programs, communication Training programs on integrated risk and performance management were developed and applied in several field missions for key country offices New developments in risk and performance management have been shared with Country Directors in each regions

Information system, planning RMP is assessing possible IT systems for risk and performance management

Risk assessment is included as integral part of CO strategic planning