



SAVING LIVES CHANGING LIVES

Second Informal Consultation on ERM Policy

Executive Board - 7 September 2018

Agenda

01

- ➤ Main changes to ERM Policy since IC of 24 July
- Update to Risk Categorization

02

Example: Fiduciary Risk / Duty of Care

03

- Q4 2018 Deliverables
- > 2019 Deliverables

Executive Board Decisions

Draft for decision November 2018

- > ERM Policy (main document): for approval
- > Annex I: Risk Categorization: for information
- > Annex II: Risk Appetite Statements: for consideration

Main changes to ERM Policy since IC of 24 July

- > Reference to the Oversight Framework for the 3rd Line of Defense
- > Audit Committee's governance responsibilities
- RD and CD accountability for ERM policy implementation
- Inclusion of full Risk Categorization hierarchy
- Risk Appetite statements included in annex for consideration

01

1.4.2 Weak/poor execution

Update to Risk Categorization

Four risk categories, 15 risk areas and 42 risk types

1. Strategic	2. Opera	tional	3. Fiduciary	4. Financial
1.1 Programme1.1.1 Intervention misaligned	2.1 Beneficiary Health, Safety and Security	2.5 Business Process2.5.1 Supply chain disruption	3.1 Employee Health, Safety and Security	4.1 Price Volatility
with outcome 1.1.2 Skill shortage/	2.1.1 Poor assistance quality2.1.2 Lack of protection	2.5.2 Mistimed scale- up/down	3.1.1 Inadequate occupational health or	4.2 Assets and Investments
mismatch 1.1.3 Funding insufficient	2.2 Partners and Vendors	2.5.3 Disruption from change programmes	psychosocial well-being 3.1.2 Poor safety	4.2.1 Misutilisation of assets
1.2 External relationship	2.2.1 Inadequate availability or capacity	2.6 Governance and	3.1.3 Insufficient security3.2 Breach of Obligations	4.2.2 Investment loss
1.2.1 Restrictive donor funding 1.2.2 Misalignment with UN	2.2.2 Poor/inconsistent quality2.2.3 Inability to safeguard own	Oversight 2.6.1 Poor decision-making	3.2 Breach of Obligations3.2.1 Policies and standards3.2.2 Regulations or laws	
system, governments, partners and non-state	security 2.3 Assets	processes/quality 2.6.2 Inadequate monitoring,	3.2.3 Third party contracts 3.2.4 Donor agreements	
actors 1.2.3 Disinformation	2.3.1 Theft/deliberate harm 2.3.2 Accident	reporting and escalation	3.3 Fraud and Corruption	
1.3 Context	2.4 IT and Communications	2.6.3 Lack of accountability	3.3.1 Corruption 3.3.2 Misappropriation-Cash	
1.3.1 Conflict1.3.2 Natural disaster	2.4.1 Utility outage/ disruption		3.3.3 Misappropriation-Other Assets	
1.3.3 Economic crisis1.4 Business model	2.4.2 System failure2.4.3 Cyber attack		3.3.4 Fraudulent reports	
1.4.1 Failure to innovate				

Example: Fiduciary Risk / Duty of Care

Risk Appetite Statement

WFP will assess employee health, safety and security risks in the context of programme criticality and its duty of care. In the event of a critical incident, WFP will take action in line with the UN security framework and revise procedures accordingly.

Sample Risk Metrics

- # of Country Offices not implementing 100% of Field Security Accountability Framework Standards
- # of service incurred long-term disability
- # of new service incurred injuries and illnesses

Risk Framework: Employee Health and Wellbeing (1)

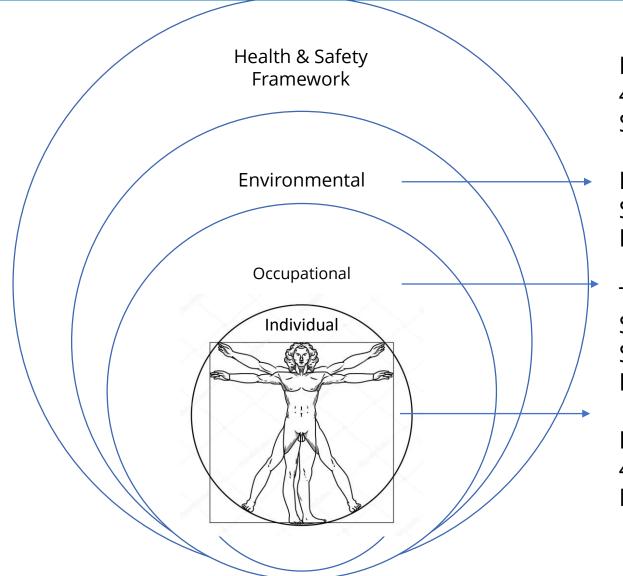
Figure 9: From Wellness to Wellbeing to Performance Recognition Drive Sustainable Skills & Family Performance Training Self-Work Discovery Environment Career **Employee Vitality** Wellbeing Purpose Rewards Exercise Leadership Mindfulness Sleep Fitness Abundance Stress Management Mentality Health Nutrition Positive Clear Goals Monitoring Thinking Medical Challenges Employee Culture Fit Growth Benefits Opportunities Assistance Retention Productivity Collaboration Cost Labor Team Leadership Reduction Performance Productivity **Business Performance**

SLIDE 7

Risk Framework: Employee Health and Wellbeing (2)



Risk Framework: Employee Health and Wellbeing (3)



Duty of Care for:

42 years old, male, WFP truck driver in Syria

Duty Station:

Syria (warzone operation)
DSHRA-Wellness + SRM-Security

Truck Driver:

Standard professional driving risks Safety Management System- WFP Engineering

Individual:

42 years old, male, Caucasian Medical Clearance Classification-Wellness

Risk Mitigation: Higher Risk Areas

UNACCEPTABLE

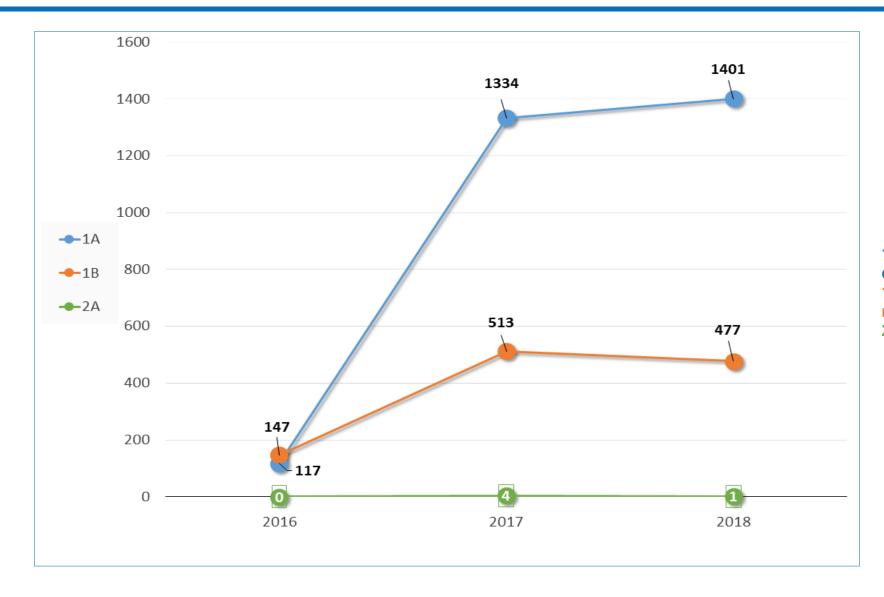
Not foreseen: risk averse duty of care dealing with human life

RED

- <u>Environmental:</u> medevacs from war torn duty stations (e.g. Yemen, Syria) or mass casualty events
 - ✓ DS Health Risk Assessment (DSHRA)
 - ✓ Periodic table top exercises with medevac contractor
 - ✓ Lessons learned sessions with contractor
- <u>Environmental:</u> Epidemics or pandemics with high potential for multiple life losses (e.g. Ebola or Avian Flu)
 - ✓ SOPs dissemination and implementation
 - ✓ CO preparedness
 - ✓ Close interagency coordination
- <u>Individual:</u> deployment of Emergency Responders (individual fitness versus career development and operational requirements)
 - ✓ Emergency Response Roster
 - ✓ Pre-deployment Medical Clearance for L3 and D-E + follow up
 - ✓ Wellness projects (health promotion, prevention, protection)
 - ✓ Safety Management System (coming soon)
 - ✓ Compulsory medical clearance (coming soon)

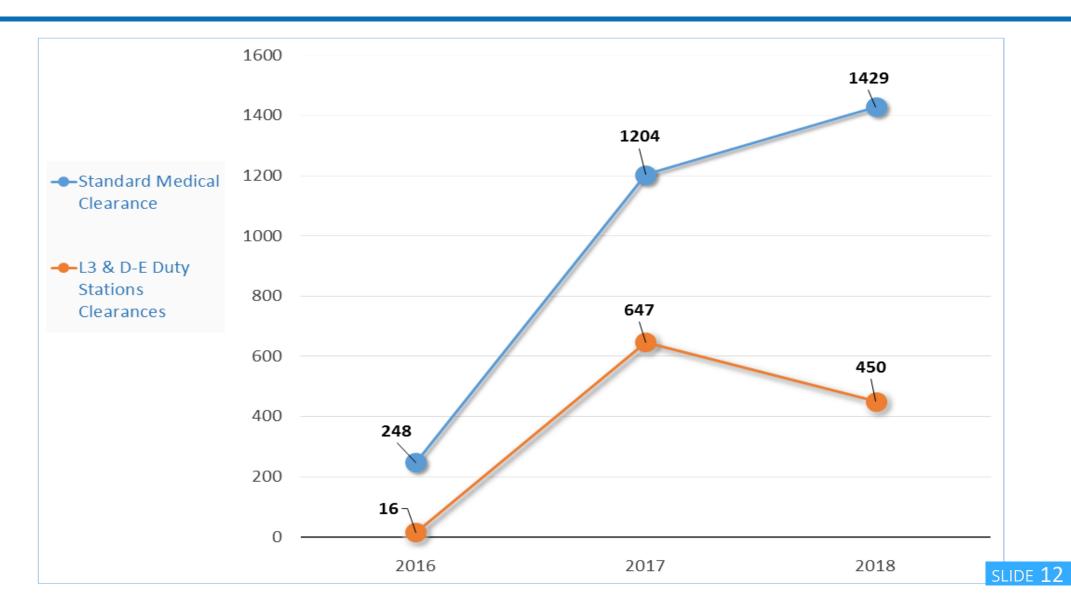
Amber

Risk Assessment: Medical Classification



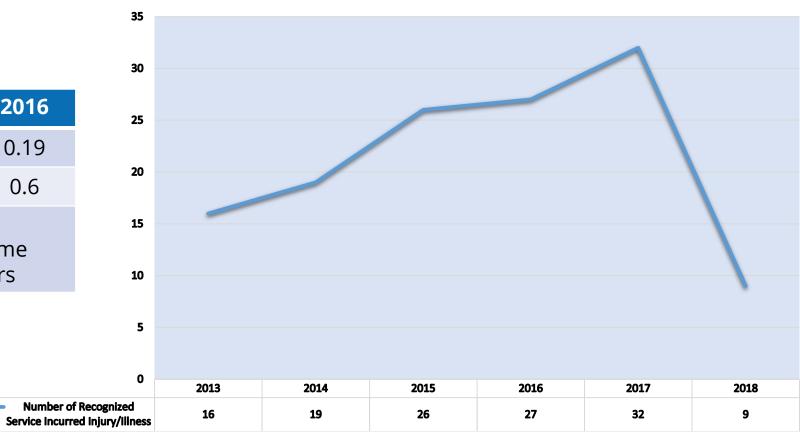
1A Fit for worldwide employment 1B Fit but may have medical restrictions 2A Unfit

Risk Assessment: Medical Clearance



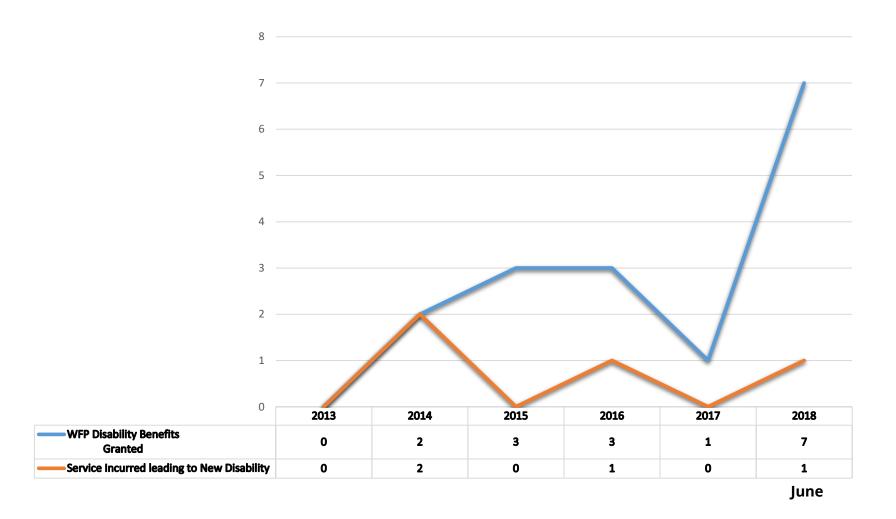
Risk Monitoring: Service Incurred Injury/Illness

Year	2015	2016		
WFP	0.2	0.19		
US Fin./Ins	0.5	0.6		
Incidence Rate: # cases/100 Full Time Equivalent workers				



June YTD

Risk Monitoring: Service-Incurred Injury/Illness leading to Disability Benefit



Q4 2018 - Deliverables

Configuration of risk system, with risk process and control libraries

Functional engagement on risk metric specifications

Define **key indicators to serve as risk** thresholds, improve both internal & external risk feedback & alert mechanisms

ERM Audit

Use **risk appetite** to assist management at **country level** & provide guidance on use of risk registers within the cycle of accountability

ERM Audit

OCTOBER

NOVEMBER

DECEMBER

Piloting of **risk** categorization & process in L3/L2 countries

Develop standard risk reporting templates for CO/RB/Functions

Develop guidance on escalation/deescalation & define protocols for sharing risk **information** with partners & donors

ERM Audit

CSP Risk Management Strengthening

Implement online & realtime database

ERM Audit

New risk review process launched with Annual **Performance** Plan

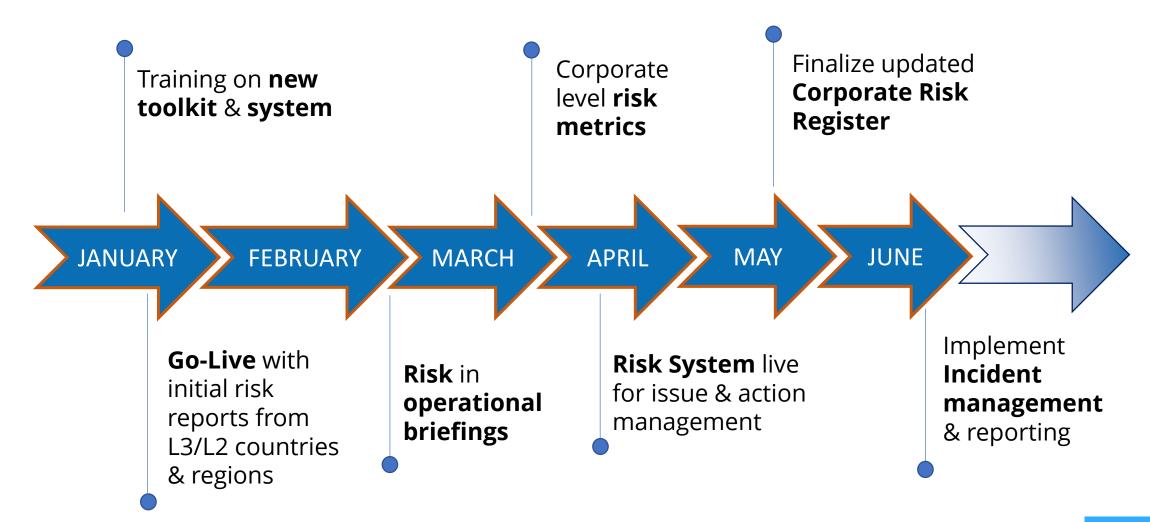
Target completion of all Audit recommendations by December 2018

SLIDE 15

2019 - Deliverables



To achieve commitment to share improved Risk Reporting with Audit Committee in July 2019



Feedback and Discussion