



World Food Programme



SAVING
LIVES
CHANGING
LIVES

First Informal Consultation on ERM Policy

24th July 2018

Agenda

- Introduction
- Interaction of 1st/ 2nd Lines of Defense
- Risk Categories and Appetite Statements
- 2nd Line Functional Risk Leads - examples
 - ❖ Emergency Preparedness
 - ❖ Security
- Risk Reporting and Escalation
- Implementation Timeline
- Discussion



World Food Programme

SAVING
LIVES
CHANGING
LIVES

Background

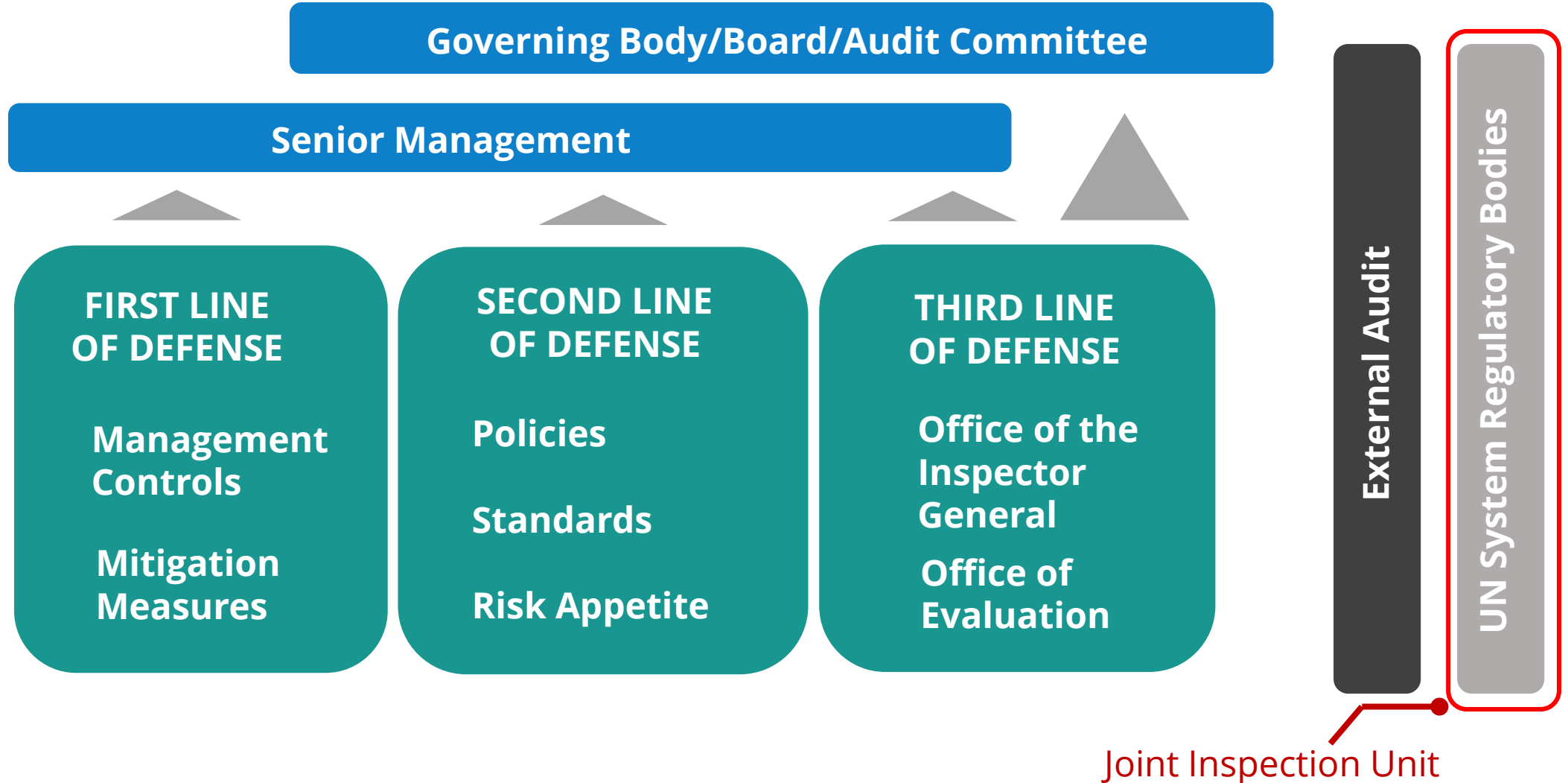
- **ERM Policy** builds on the governance architecture outlined in the 2018 Oversight Framework (EB-approved in June 2018).
- Document describes implementation of enterprise risk management in WFP and updates **WFP's Risk Appetite Statements** in line with the new risk categorization.
- It defines the roles, responsibilities and mechanisms for embedding risk appetite throughout the organization.
- To be **submitted for approval** to the **Executive Board** at the Second Regular Session, November 2018.



World Food Programme

SAVING LIVES
CHANGING LIVES

WFP's Three Lines of Defense Model





World Food Programme

SAVING
LIVES
CHANGING
LIVES

First & Second Lines of Defense – Interaction

1st

Risk Decision-Makers:

*own & manage risk as part of **day-to-day** work.*



2nd

Functional managers & Risk Leads:

***monitor** risk & controls, **set** standards, & **define** overall risk appetite.*

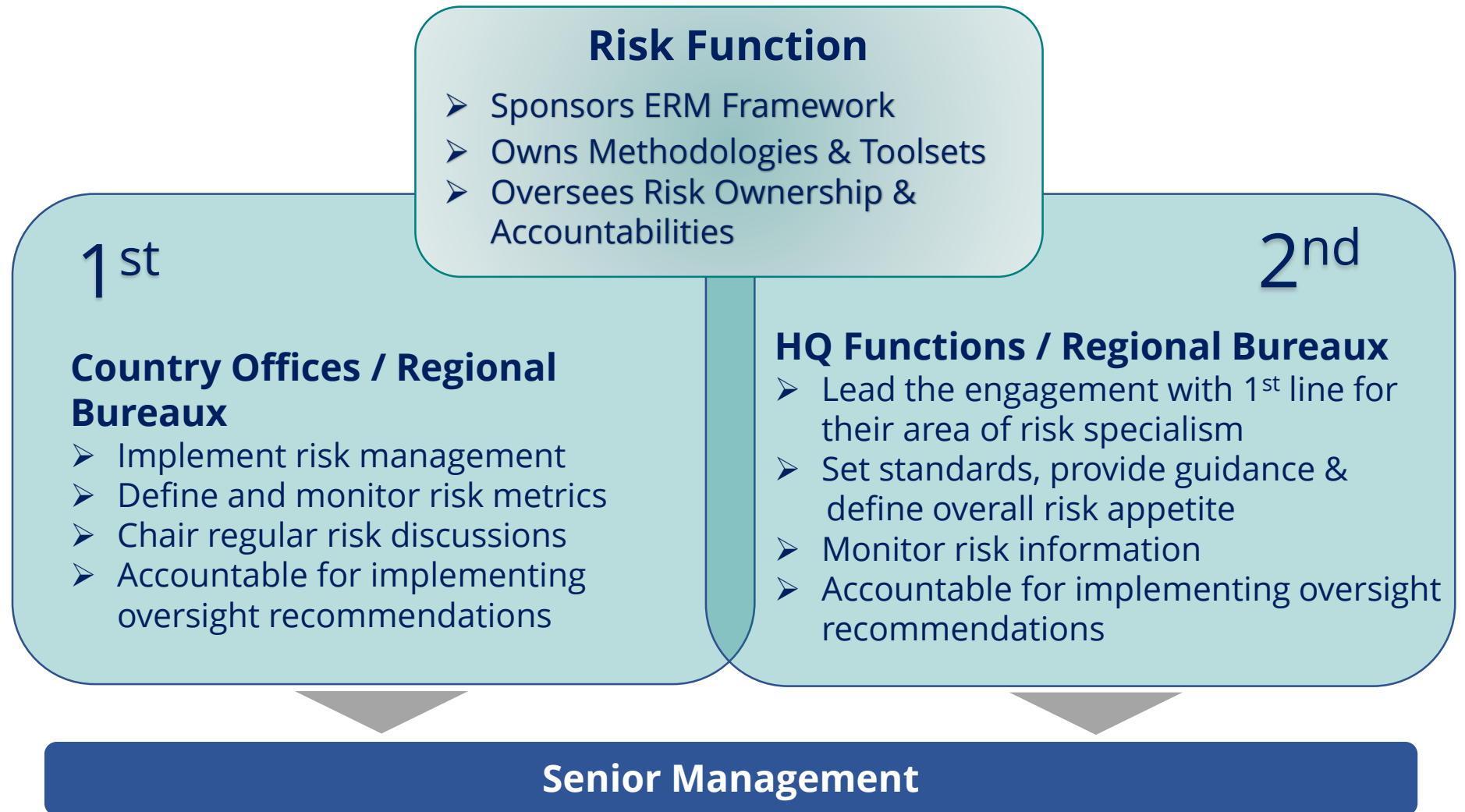




World Food Programme

SAVING LIVES
CHANGING LIVES

First & Second Lines of Defense – Interaction (continued)





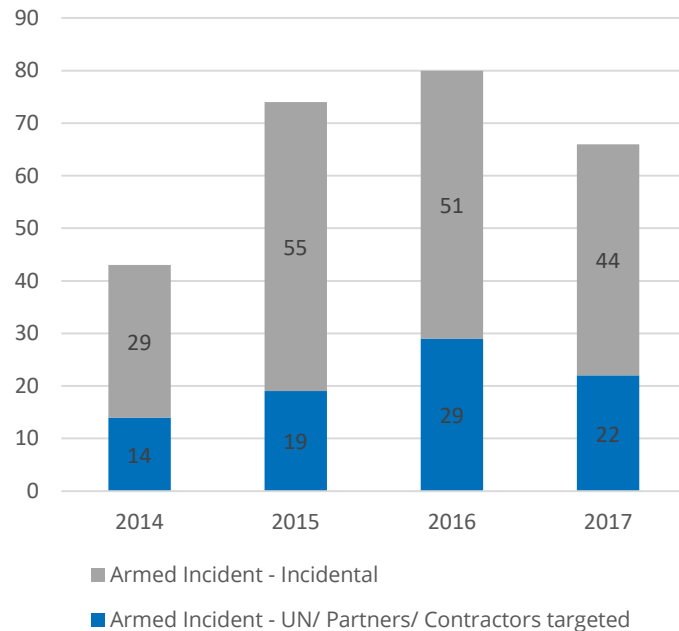
World Food Programme

SAVING LIVES
CHANGING LIVES

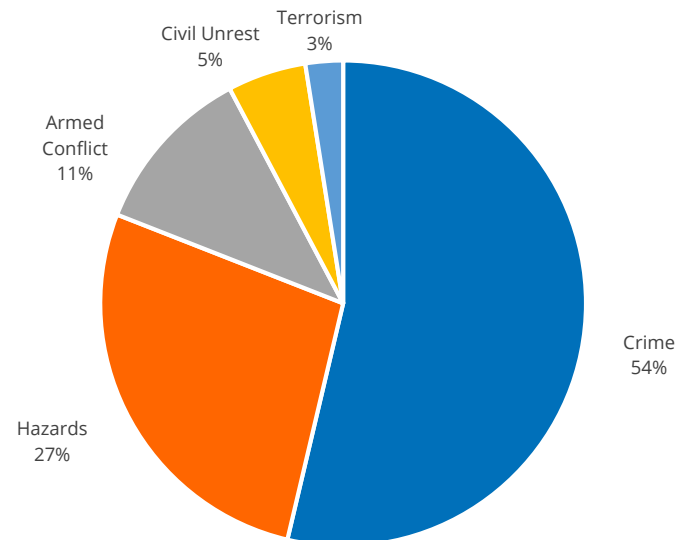
'Bringing Risk to Life' - Security Incident Data

SAMPLE

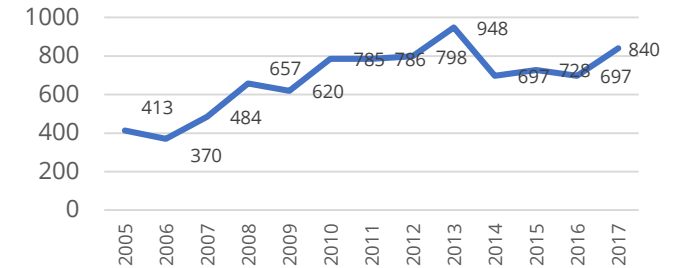
Armed Incidents involving WFP Personnel/ Assets, Contractors and Partners in 2014 -2017



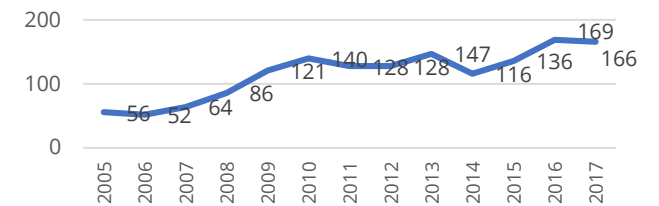
Distribution of Reported Security Incidents affecting WFP Personnel/Assets in 2017 by Threat Type



Security Incidents Involving WFP Personnel/Assets in 2005 - 2017



RTAs Involving WFP Personnel/Assets in 2005-2017



Use data to trigger, objectively escalate & action



World Food Programme

SAVING LIVES
CHANGING LIVES

Risk Categorization

Four risk categories, 15 risk types and 42 risk sub-types

1. Strategic	2. Operational	3. Fiduciary	4. Financial
1.1 Programme	2.1 Beneficiary Health, Safety & Security	3.1 Employee Health, Safety & Security	4.1 Price Volatility
1.2 External Relationship			4.2 Assets & Investments
1.3 Context	2.2 Partners & Vendors	3.2 Breach of Obligations	
1.4 Business Model	2.3 Assets	3.3 Fraud & Corruption	
	2.4 IT & Communications		
	2.5 Business Process		
	2.6 Governance & Oversight		

NB: The categorization is event-based & captures direct risk impacts; reputational risk is consequential & can materialize across any risk category.



World Food Programme

SAVING LIVES
CHANGING LIVES

Risk Appetite Examples -



Risk "Hungry"

Risk Appetite Statement

1.4 Business Model:

WFP continuously seeks to foster a creative and innovative culture [...] and manages its execution risks [...] through increased investment in new approaches, technology and expertise.

Sample Risk Metrics

- * Pilot innovations "go live"
- * Innovations "mainstreamed"

Risk "Averse"

Risk Appetite Statement

3.3 Fraud and Corruption:

WFP is investing in its management side anti-fraud and anti-corruption (AFAC) [...] WFP commits to investigating [...] and taking appropriate disciplinary action [...] and will take measures for corrective action, including, but not limited to, recovery of WFP losses.

Sample Risk Metrics

- * \$ value of losses due to fraud
- * No. of AFAC-related investigations
- * Diversions as % of deliveries

Emergency Preparedness

Risk Appetite Statement

1.3. Context

WFP needs to provide principled and effective assistance in a variety of contexts. WFP invests in emergency preparedness activities based on early warning and response protocols. WFP recognizes the importance in certain circumstances of deploying employees and assets prior to a potential humanitarian emergency.

Sample Risk Metrics

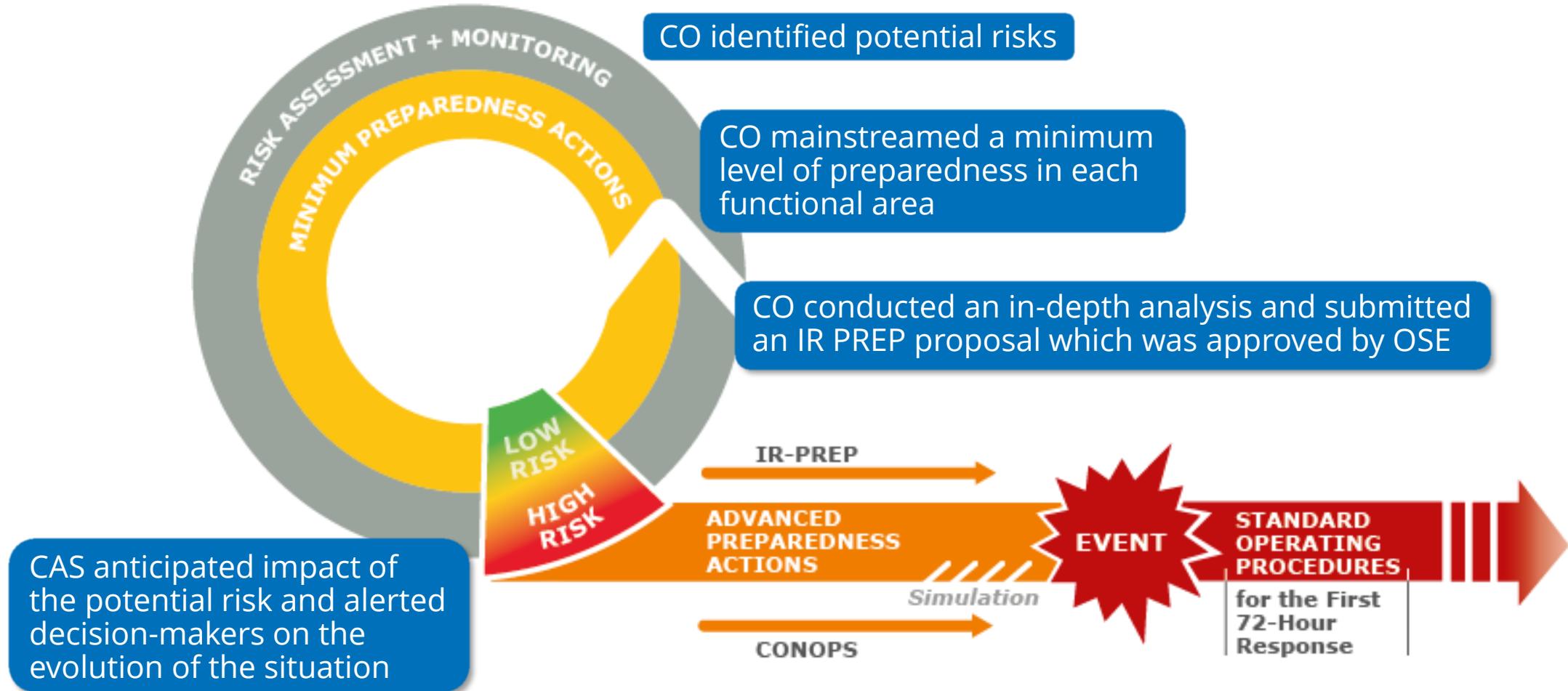
- * % of sudden onset emergencies not timely responded at Government request
- * % of Corporate alerts actioned
- * Percentage of staff deployed to emergencies who were selected from Emergency Response Roster / internal rosters



World Food Programme

SAVING LIVES
CHANGING LIVES

Risk Escalation Process: Focus on Migrant Influx to Colombia





World Food
Programme

SAVING
LIVES
CHANGING
LIVES

Security

Risk Appetite Statement

3.1 Employee health, safety and security:

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 United Nations 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

Security Risk Decision-Making

- First programmatic needs & criticality assessed against risk appetite;
- Level of threat analyzed & level of risk defined;
- Mitigation measures established to assess necessary steps to achieve **Acceptable Risk**.
- Operational decisions based on the overall security risk calculation.
- Process regularly reviewed & adjusted as necessary.

		IMPACT				
		Negligible	Minor	Moderate	Severe	Critical
LIKELIHOOD	Very likely	Low	Medium	High	Very High	Unacceptable
	Likely	Low	Medium	High	High	Very High
	Moderately Likely	Very Low	Low	Medium	High	High
	Unlikely	Very Low	Low	Low	Medium	Medium
	Very Unlikely	Very Low	Very Low	Very Low	Low	Low

Programme Decision

Country Director + advice from FSO/RSO

Country Director + Advice Sec Dir HQ

Country Director + sign off Sec Dir HQ

WFP Executive Director

Final (Security) Decision

Designated Official for Security

Designated Official

Designated Official

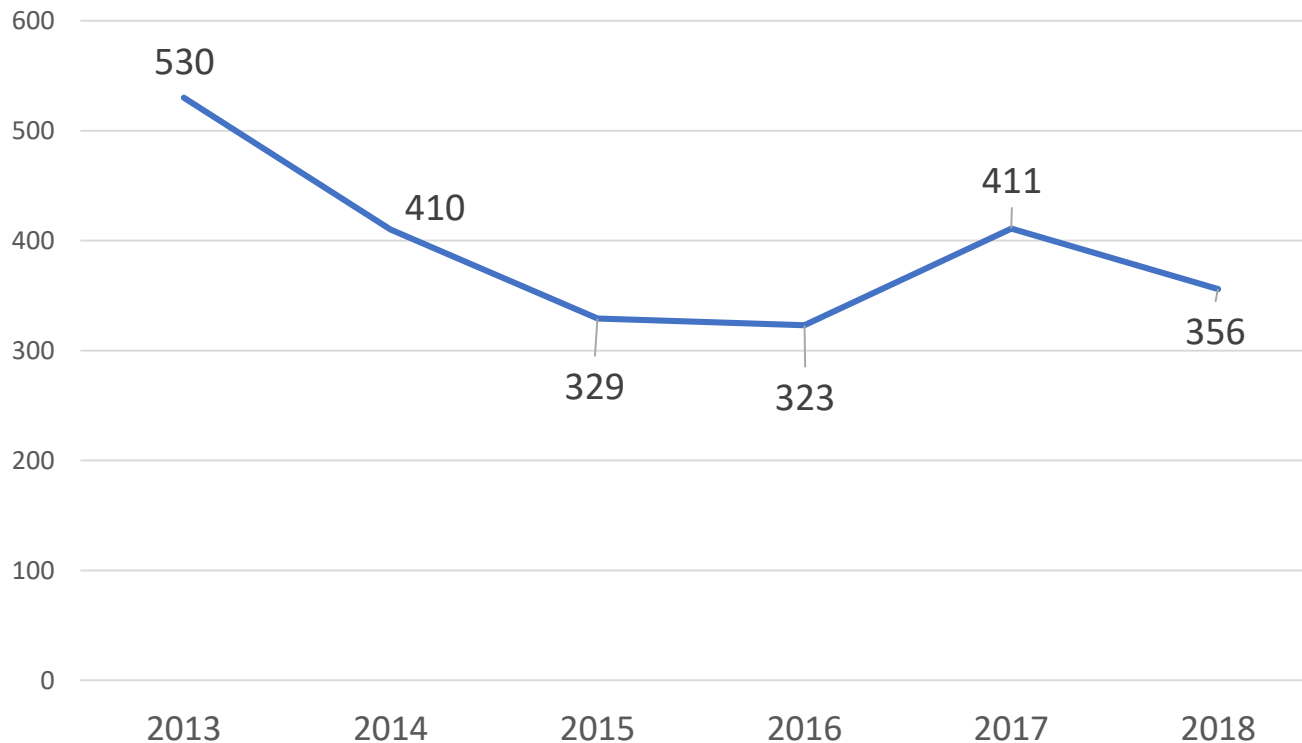
Under-Secretary-General UNDSS

Secretary-General



World Food Programme

Security Incidents Involving WFP Personnel/Assets 2013-2018 (first six months of year)



Year	# incidents
2013	530
2014	410
2015	329
2016	323
2017	411
2018	356

SAVING
LIVES
CHANGING
LIVES

Risk Reporting and Escalation

Risk Reporting

- Effective risk management requires a continual process of **capturing and sharing risk information** that flows up, down, and across WFP's three lines of defense. Risk reporting is **required at HQ/functional, regional and country level**, based around risk categories and supported by relevant risk data within the framework of context-specific risk appetite.
- *Risk Leads* are expected to support the reporting process in-line with functional oversight responsibilities.

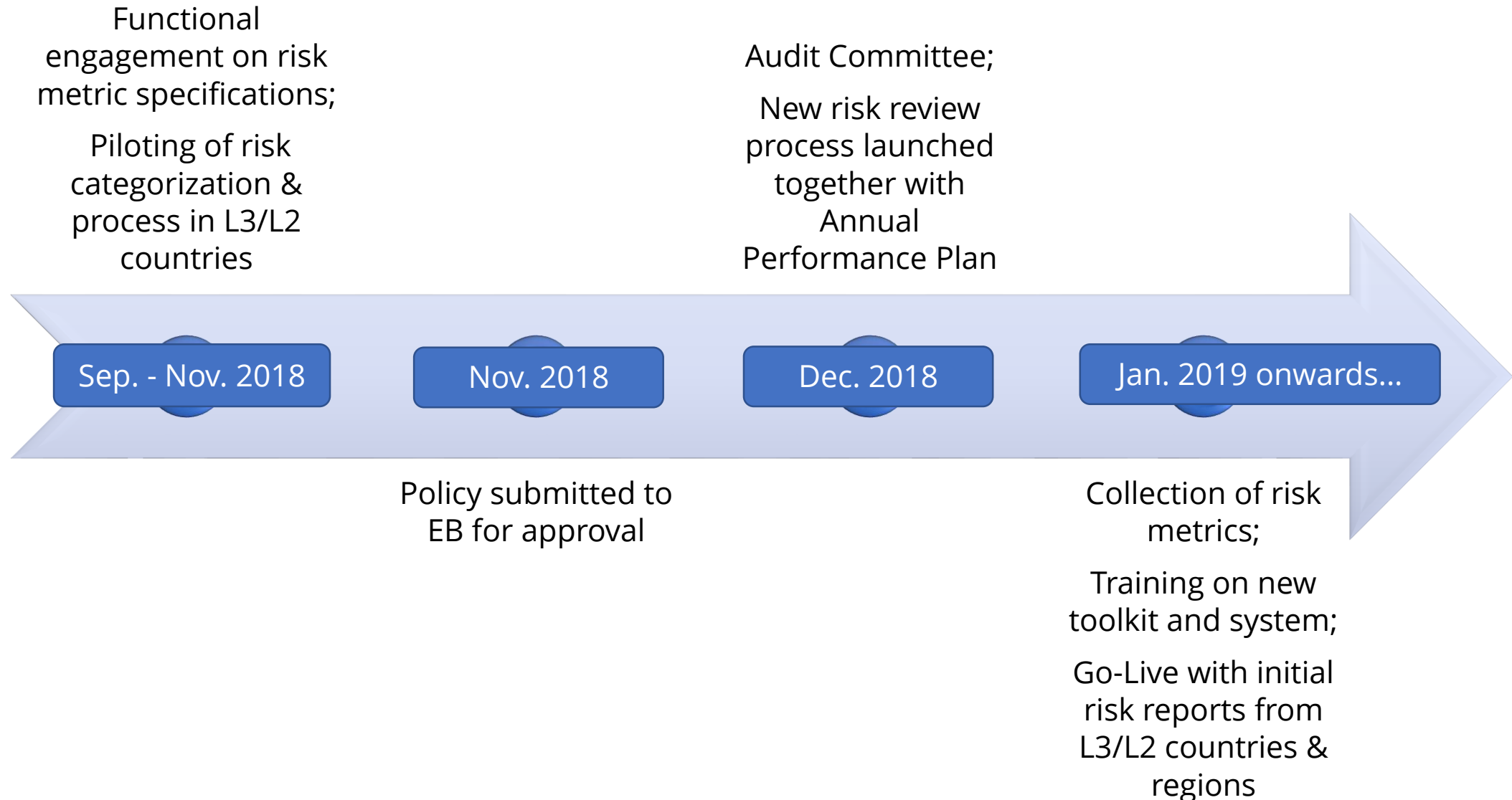
Risk Escalation

- Risks deemed to be particularly high and significantly out of appetite are described as being out of risk tolerance, and requiring escalation. **Formal escalation, as well as de-escalation, is important since it drives transparency to accountable managers and defines the protocols of engagement and interaction between first and second line actors.** Jointly, this improves the quality of risk responses and decision-making.



World Food Programme

Implementation Timeline



SAVING LIVES
CHANGING LIVES