Update of the Enterprise Risk Management Policy

Workshop with the Executive Board

5 November 2026

Agenda

WORKSHOP OBJECTIVE

Facilitate an early strategic discussion with Member States on the direction of the policy's development

9:30 – 10:05	**1 Welcome** **Mr. Salvador Dahan**, Chief Risk Officer and Director, RMD **2 ERM Policy Foundation & Theory of Change** **Ms. Rathi Pala Krishnan**, Deputy Director, RMD **Ms. Ramona Desole**, Risk Officer, RMD	**Plenary discussion on Theory of Change** [9:50 – 10:05]
10:05 – 11:45	**3 Overview of Risk Tolerance and Risk Sharing** **Mr. Salvador Dahan**, Chief Risk Officer and Director, RMD **Ms. Rathi Pala Krishnan**, Deputy Director, RMD	**Small group discussions** [10:25 – 11:05] **Reporting back on group discussions** [11:05 – 11:45]
11:45 – 12:00	**4 Strategic reflections and closing remarks** **Mr. Salvador Dahan**, Chief Risk Officer and Director, RMD **Ms. Rathi Pala Krishnan**, Deputy Director, RMD	

Useful links: 2018 ERM Policy and Summary Report on the evaluation of WFP's 2018 ERM Policy

ERM Policy Foundation

Overview of Evaluation and Planned Actions

Findings from Evaluation of 2018 ERM Policy

- Build on the Policy's **firm ERM foundation by closing gaps** in cross-cutting themes and clarifying key concepts
- Take steps to **promote and enhance WFP's ERM culture**
- **Strengthen ERM tools** to support decision-making and performance
- Increase **clarity of risk management resourcing and capacity**
- Enhance **mutual transparency and accountability** in relation to risk management with external stakeholders

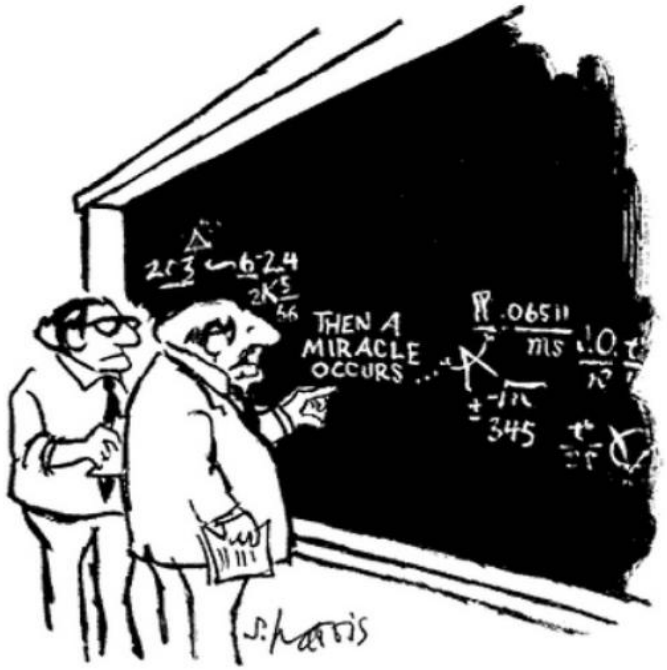
WFP's planned actions in the ERM Policy Update

- **Key elements** to be included: Theory of Change, refreshed risk appetite, development of risk tolerance, updated risk categorization, risk sharing principles and clarification of risk escalation responsibilities
- Embed ERM in **cross-cutting priorities** with attention to empowering women and girls, advancing protection and accountability to affected people, humanitarian principles, assurance and localization
- Transition ERM from a compliance exercise into a core management process, i.e., **"everyone's business"**
- Elevate **risk sharing** from a discrete risk response to a principled approach applied throughout the risk lifecycle

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Purpose of the Theory of Change

- Clear **objectives / expected results** and a limited, realistic number of outcomes, anchored in a **shared vision**
- Explicit **pathways of change**, including **key assumptions / risks**
- **The "missing middle"**: a clear explanation of how a policy or change initiative (activities or interventions) leads to desired goals to be achieved



"I think you should be more explicit here in step two."

Image credit: Sidney Harris

ERM Theory of Change

IMPACT	**SO THAT**	Risk culture is embedded across WFP's decision-making, behaviors and governance through strengthened accountability, oversight and assurance, enabling WFP to deliver its mandate
LONG-TERM OUTCOMES	**THEN**	ERM contributes to enhanced WFP performance
SHORT-TERM OUTCOMES	**THEN**	WFP has consistency and transparency in risk-decision making across the organisation
OUTPUTS	**BECAUSE**	WFP effectively implements the ERM policy at all levels with staff and partners
INPUTS	**IF**	WFP has ERM Policy and support architecture

ERM Theory of Change

IMPACT

VISION: Risk culture is embedded across WFP's **decision-making, behaviors and governance** through strengthened **accountability, oversight and assurance**, enabling WFP to deliver its mandate

Internal assumptions *(shared in the policy brief)*

External assumptions *(shared in the policy brief)*

LONG-TERM OUTCOMES

ERM contributes to enhanced WFP performance

- Risk-informed decision making, enabling WFP performance
- Transparency, predictability, assurance, trust with internal and external stakeholders
- Culture of risk awareness, ownership, accountability

SHORT-TERM OUTCOMES

WFP has consistency and transparency in risk-decision making across the organisation

- Risks are identified and assessed
- Priority risks are controlled and mitigated ex ante
- Risks are monitored and timely escalated based on risk appetite and tolerance
- Materialized risks are managed with organizational resilience

Effective and proactive risk management, oversight and reporting, adapted to changing contexts and emerging risks

OUTPUTS

WFP effectively implements the ERM policy at all levels with staff and partners

- Risk governance mechanisms and arrangements are applied
- Living, quality and agile risk registers and control assessments are available
- Processes are clear, aligned with operational needs and executed
- Resource allocation meets the needs of maturing ERM, supporting risk prioritization
- Capacity is enhanced to meet evolving risk management needs

INPUTS

WFP has ERM Policy and support architecture

NORMATIVE FRAMEWORK	GOVERNANCE	SYSTEMS & TOOLS	RESOURCES & CAPACITY	COMMUNICATION AND DIRECTION	REPORTING
Principles, risk appetite and conceptual framework	Roles, accountabilities, decision authority, escalation/incident lines, reporting	Integrated & fit for purpose mechanisms, platforms, guidance and metrics	Funding, structure, knowledge and skills across the organization	Between risk managers, owners, RMD	Results-based framework to monitor policy implementation and support learning and accountability.

ENABLING FOUNDATIONS

WFP strategic plan, cross-cutting priorities and enablers

PLENARY

Discussion on the Theory of Change

Q1 Does the proposed Theory of Change capture the **key shifts** intended through the updated ERM policy?

Q2 Is there **anything essential** that should be **strengthened or clarified** to ensure the Theory of Change is meaningful and actionable in practice?

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Three Stages of Risk Evolution:

Risk Appetite, Risk Tolerance and Risk Capacity

Definition and purpose

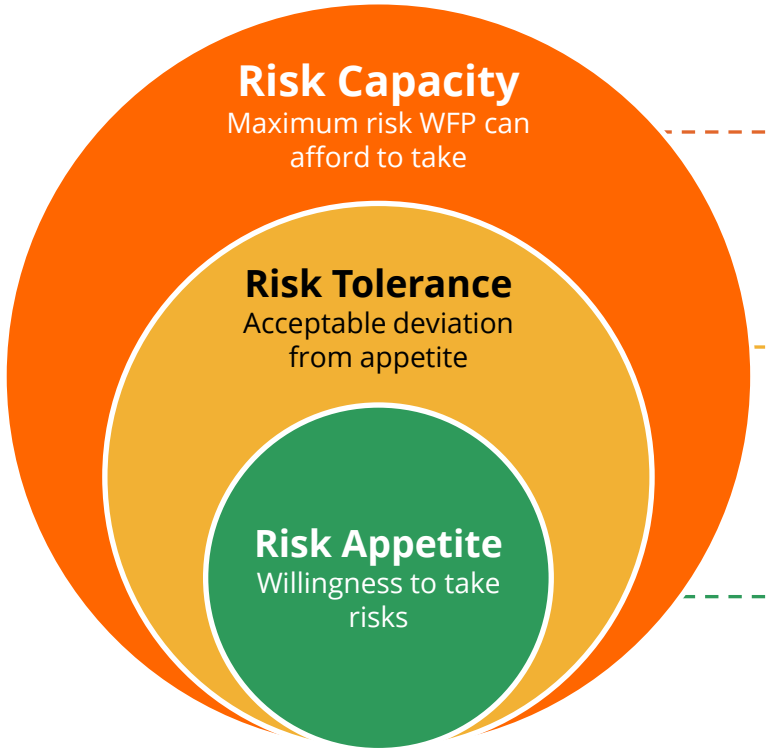
Risk appetite

Types and amounts of risk the organization is **willing to accept** in pursuit of value

Risk tolerance

Acceptable and **temporary deviations from risk appetite** necessitated by the operational context

Risk appetite is **aspirational**, while risk tolerance is **operational / agile**



How risks are managed

Risks beyond tolerance **escalated to senior leadership** for a **"go / no go"** decision

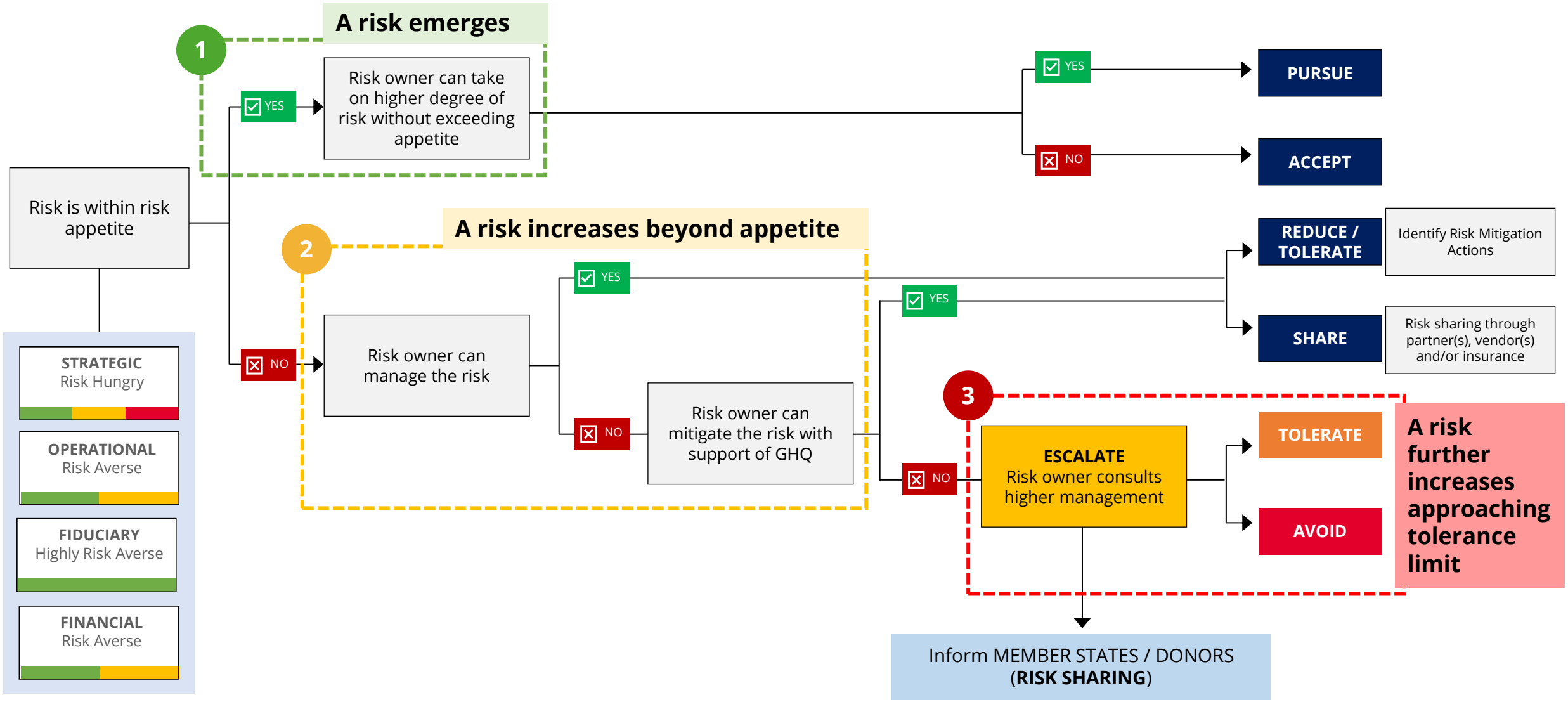
Risks outside appetite but within tolerance **managed at CO or GHQ functional level**

Risks within appetite **managed at CO or GHQ functional level**

WFP aims to be **within appetite** but often tolerates risk above appetite, yet **within capacity**.
Significant risk beyond appetite **requires escalation**.

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Risk Tolerance – Clear differentiation in risk evolution



Useful links: 2018 ERM Policy and Summary Report on the evaluation of WFP's 2018 ERM Policy

Risk sharing

From a discrete risk response to a principled approach across the risk management lifecycle

STARTING POINT IN 2018 ERM POLICY

"Share" as a risk response

Mitigating action reduces likelihood and/or impact by sharing elements of risk, illustrated through outsourcing and insurance.

WHERE WE ARE TRYING TO GO

Reasonable sharing of the burden of **preventative measures**, and reasonable sharing of **responsibilities arising when risks materialize**

Risk sharing principles

Collaborative approach to pursue mutually acceptable risk-sharing solutions

Confidential, non-punitive dialogue to enable open discussion of risks and risk-sharing opportunities

Focus on key risks, systemic and/or severe ones, inhibiting delivery

Collective consideration of delivery chain risks, avoiding unilateralism

Consideration of how each organization's **risk appetite and compliance frameworks** affect partners

Consideration of **risks generated by inaction**

Preventative and reactive measures deployed in combination

Codification and resourcing of risk sharing measures within contracts, budgets and guidance

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Seven-stage overview: align actors, actions, and accountability

Shared language for moving from common understanding to agreed action and learning

UNDERSTAND

1 Map stakeholders

Make all relevant actors visible and represented in dialogue.

2 Identify risks

Build a shared view of key risks that inhibit delivery.

3 Assess current responses

Review controls, gaps and burdens shifted downstream.

AGREE

4 Identify sharing options

Select feasible preventive and reactive measures/risk-sharing solutions, negotiate resource requirements

5 Agreed mitigation action plan

Collaboratively agree and prioritize feasible opportunities, ownership and timelines; codify commitments.

ACT & LEARN

6 Implement actions

Embed actions in operations and appropriate implementation arrangements.

7 Monitor, learn and adapt

Reflect on effectiveness and collaboration, adjust measures and capture lessons.

Risk sharing is not a one-off discussion: it is a structured progression from shared risk understanding to agreed commitments and continuous learning

Questions for Small Group Discussion

Risk Tolerance

Q1 What elements of the proposed three stages and key criteria could be further clarified to **enable risk tolerance as a mechanism** to support agile, timely and risk-informed decision-making and escalation at the appropriate level?

Q2 Are there any considerations WFP should keep in mind to ensure the approach **supports delivery of its mandate** while remaining **consistent with WFP's established corporate risk appetite**?

Risk Sharing

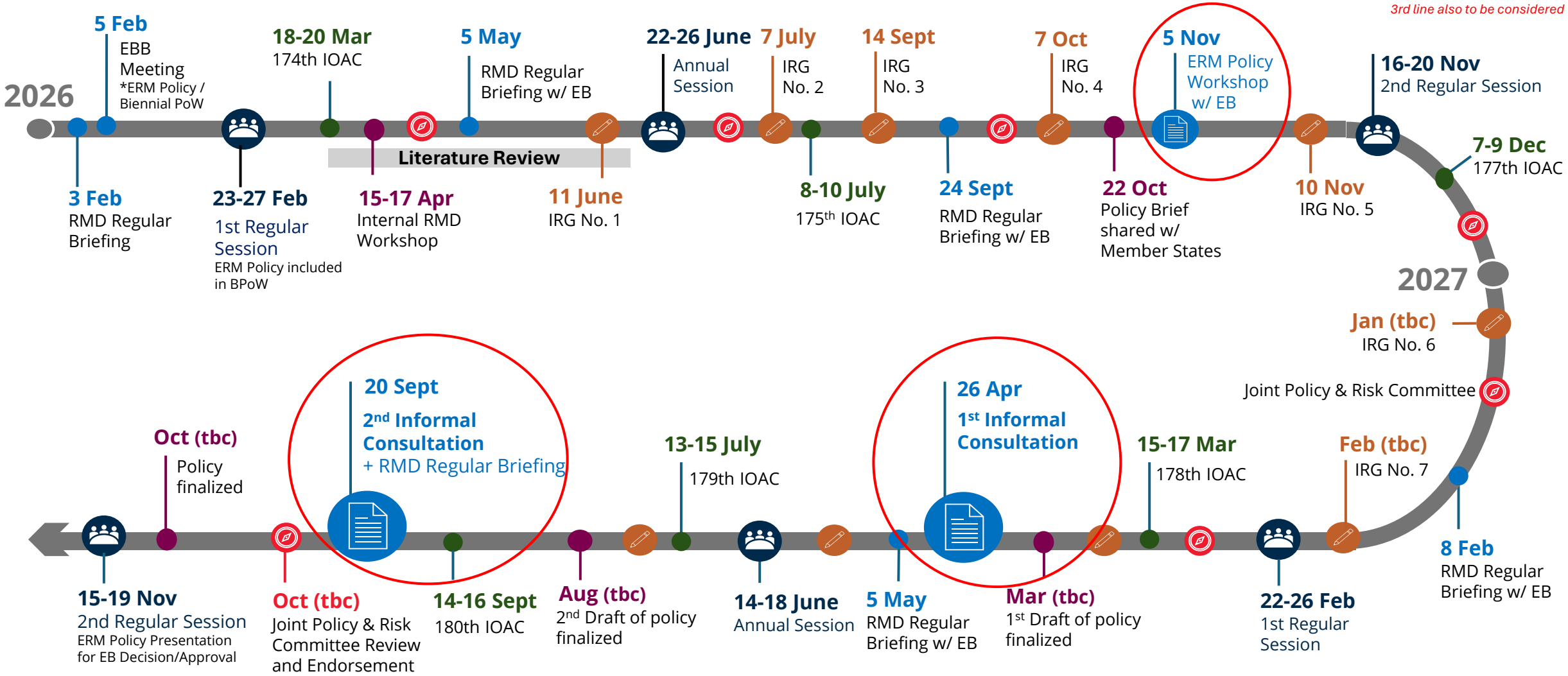
Q1 From an Executive Board perspective, what would help **strengthen dialogue and mutual understanding of risk** between WFP and its partners?

Q2 What key considerations should WFP keep in mind to promote a **more balanced approach to risk sharing** across its partnerships, including in complex operating environments?

Next Steps

Updating WFP's Enterprise Risk Management Policy | 2026-2027 Roadmap

Timing/Frequency of consultation with Risk Committee, External Stakeholders, and Internal Reference Group for illustration only
Touchpoints with specific functions, leadership team and 3rd line also to be considered



Executive Board sessions | Workshops, briefings, informal consultations with Executive Board | External Stakeholders (e.g. IOAC) | RMD Internal Consultation | Steering Committee (i.e., Risk Committee) | Internal Reference Group

Thank you.

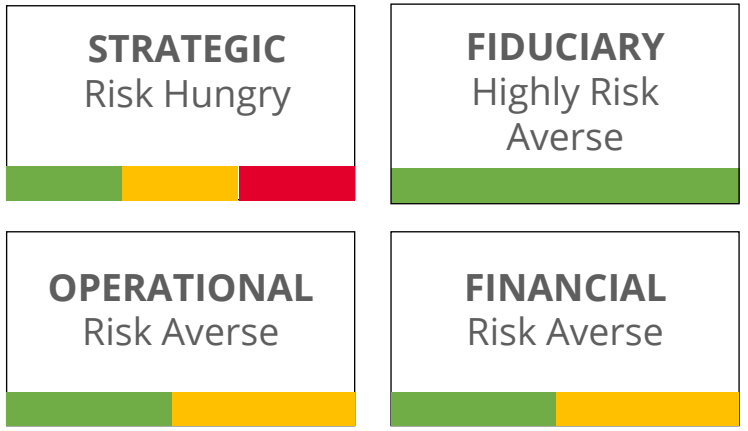
Back up slides

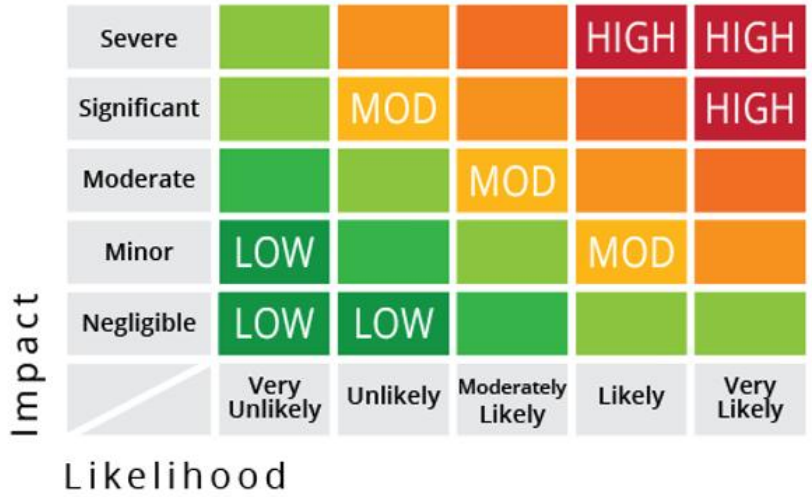
Corporate Risk Appetite retained from 2018 policy

For **strategic** risks, WFP may be characterized as 'risk hungry': WFP designs and implements its programmes in difficult contexts. It is voluntarily funded and needs to actively manage its external relationships with donors, host governments and partners. It must continually adapt its business model to changing needs and operating environments.

For **operational** and **financial** risks, WFP is 'risk averse', continually seeking to improve its internal controls and mitigate risks within the constraints of cost and efficiency.

For **fiduciary** risks, WFP is 'highly risk averse': whilst it accepts that it remains exposed to these risks, WFP recognizes its duty of care to staff, its obligations to stakeholders, and commits to take prompt corrective action on matters of internal conduct.





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