



World Food Programme



SAVING
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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

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**

Update to Risk Categorization

Four risk categories, 15 risk areas and 42 risk types

1. Strategic	2. Operational	3. Fiduciary	4. Financial	
1.1 Programme 1.1.1 Intervention misaligned with outcome 1.1.2 Skill shortage/mismatch 1.1.3 Funding insufficient 1.2 External relationship 1.2.1 Restrictive donor funding 1.2.2 Misalignment with UN system, governments, partners and non-state actors 1.2.3 Disinformation 1.3 Context 1.3.1 Conflict 1.3.2 Natural disaster 1.3.3 Economic crisis 1.4 Business model 1.4.1 Failure to innovate 1.4.2 Weak/poor execution	2.1 Beneficiary Health, Safety and Security 2.1.1 Poor assistance quality 2.1.2 Lack of protection 2.2 Partners and Vendors 2.2.1 Inadequate availability or capacity 2.2.2 Poor/inconsistent quality 2.2.3 Inability to safeguard own security 2.3 Assets 2.3.1 Theft/deliberate harm 2.3.2 Accident 2.4 IT and Communications 2.4.1 Utility outage/disruption 2.4.2 System failure 2.4.3 Cyber attack	2.5 Business Process 2.5.1 Supply chain disruption 2.5.2 Mistimed scale-up/down 2.5.3 Disruption from change programmes 2.6 Governance and Oversight 2.6.1 Poor decision-making processes/quality 2.6.2 Inadequate monitoring, reporting and escalation 2.6.3 Lack of accountability	3.1 Employee Health, Safety and Security 3.1.1 Inadequate occupational health or psychosocial well-being 3.1.2 Poor safety 3.1.3 Insufficient security 3.2 Breach of Obligations 3.2.1 Policies and standards 3.2.2 Regulations or laws 3.2.3 Third party contracts 3.2.4 Donor agreements 3.3 Fraud and Corruption 3.3.1 Corruption 3.3.2 Misappropriation-Cash 3.3.3 Misappropriation-Other Assets 3.3.4 Fraudulent reports	4.1 Price Volatility 4.2 Assets and Investments 4.2.1 Misutilisation of assets 4.2.2 Investment loss

Example: Fiduciary Risk / Duty of Care

Risk Appetite Statement

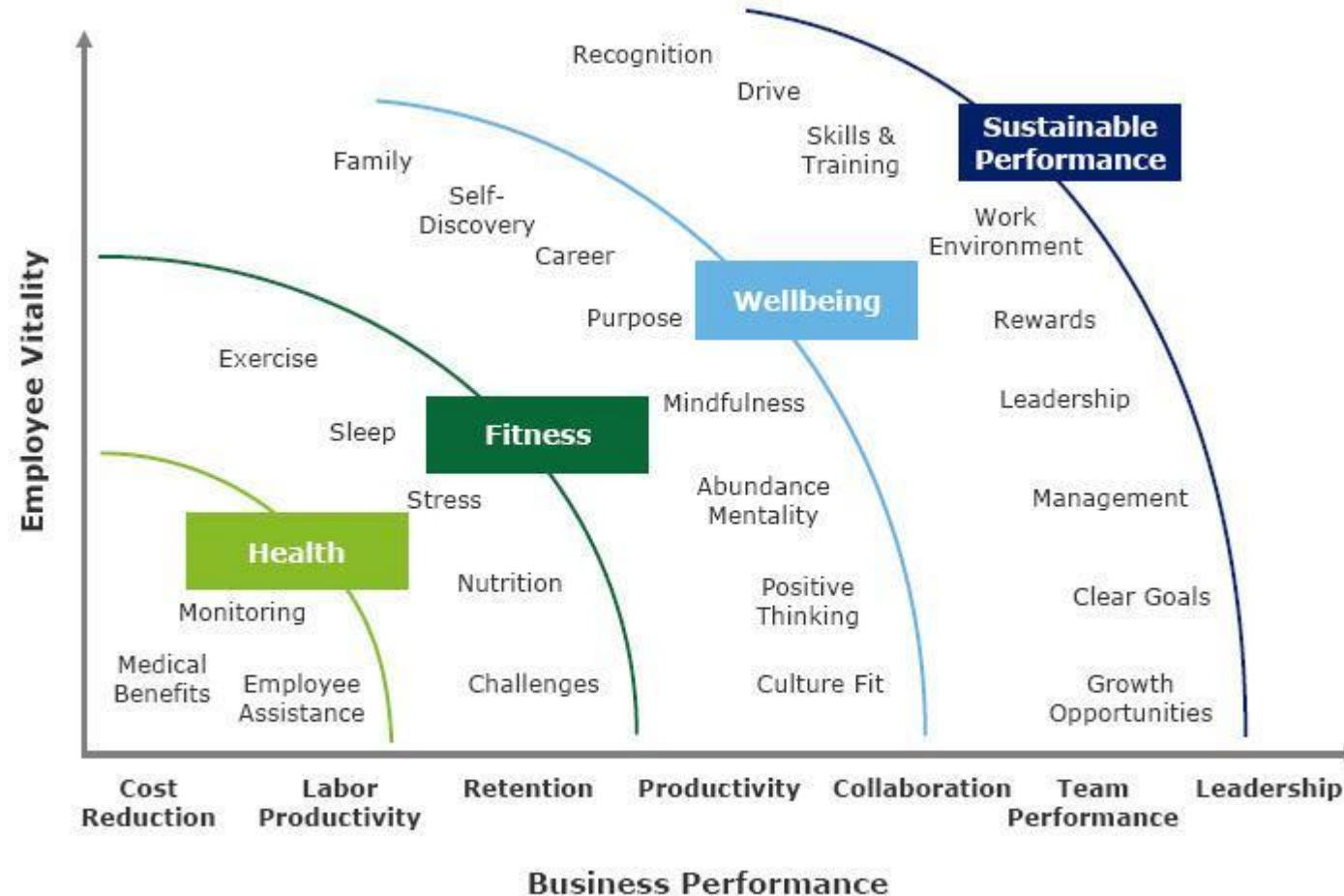
WFP will assess employee health, safety and security risks in the context of programme criticality and its duty of care. In the event of a critical incident, WFP will take action in line with the UN security framework and revise procedures accordingly.

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

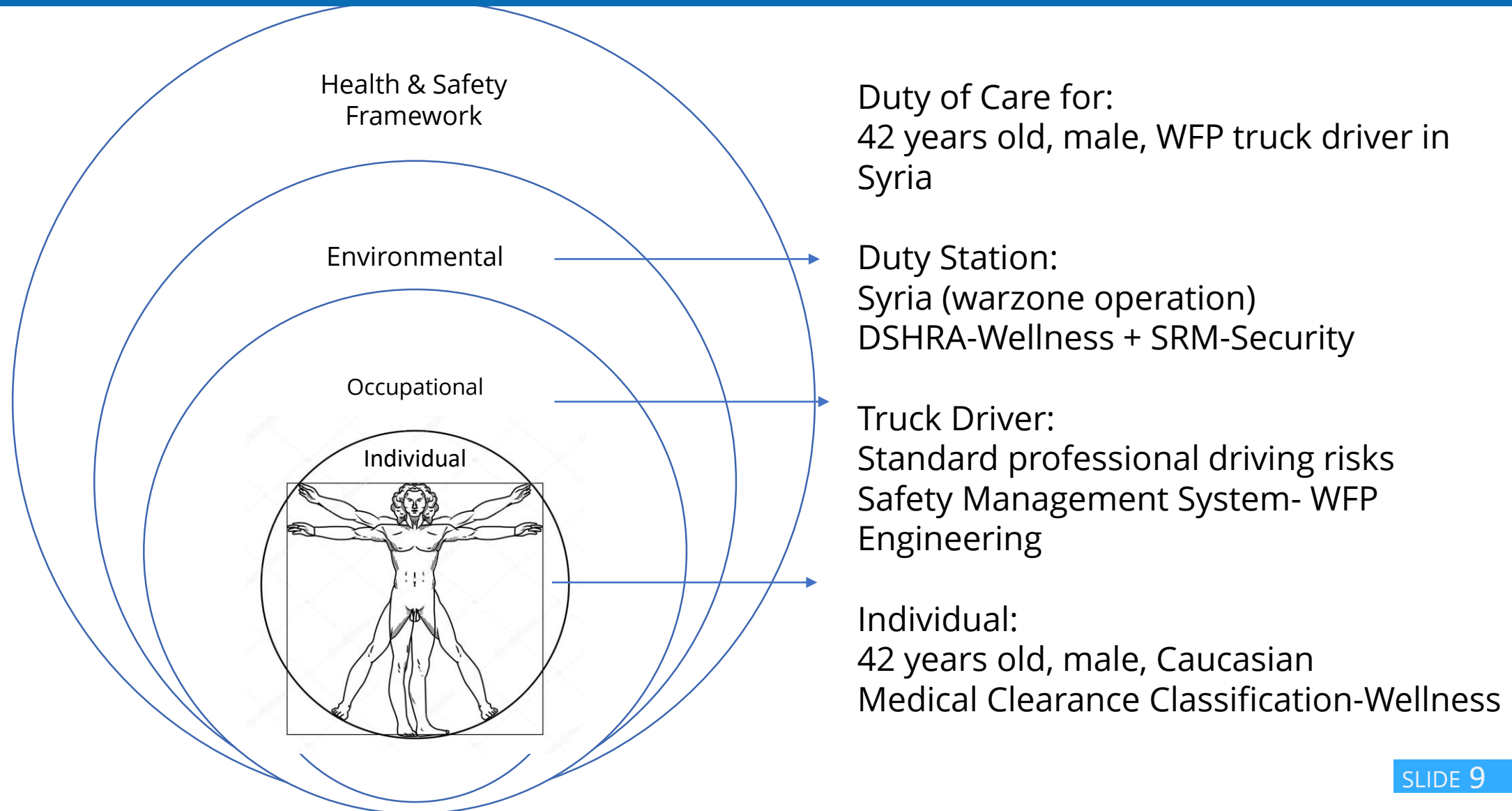
Risk Framework: Employee Health and Wellbeing (1)

Figure 9: From Wellness to Wellbeing to Performance





Risk Framework: Employee Health and Wellbeing (3)



Risk Mitigation: Higher Risk Areas

UNACCEPTABLE

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

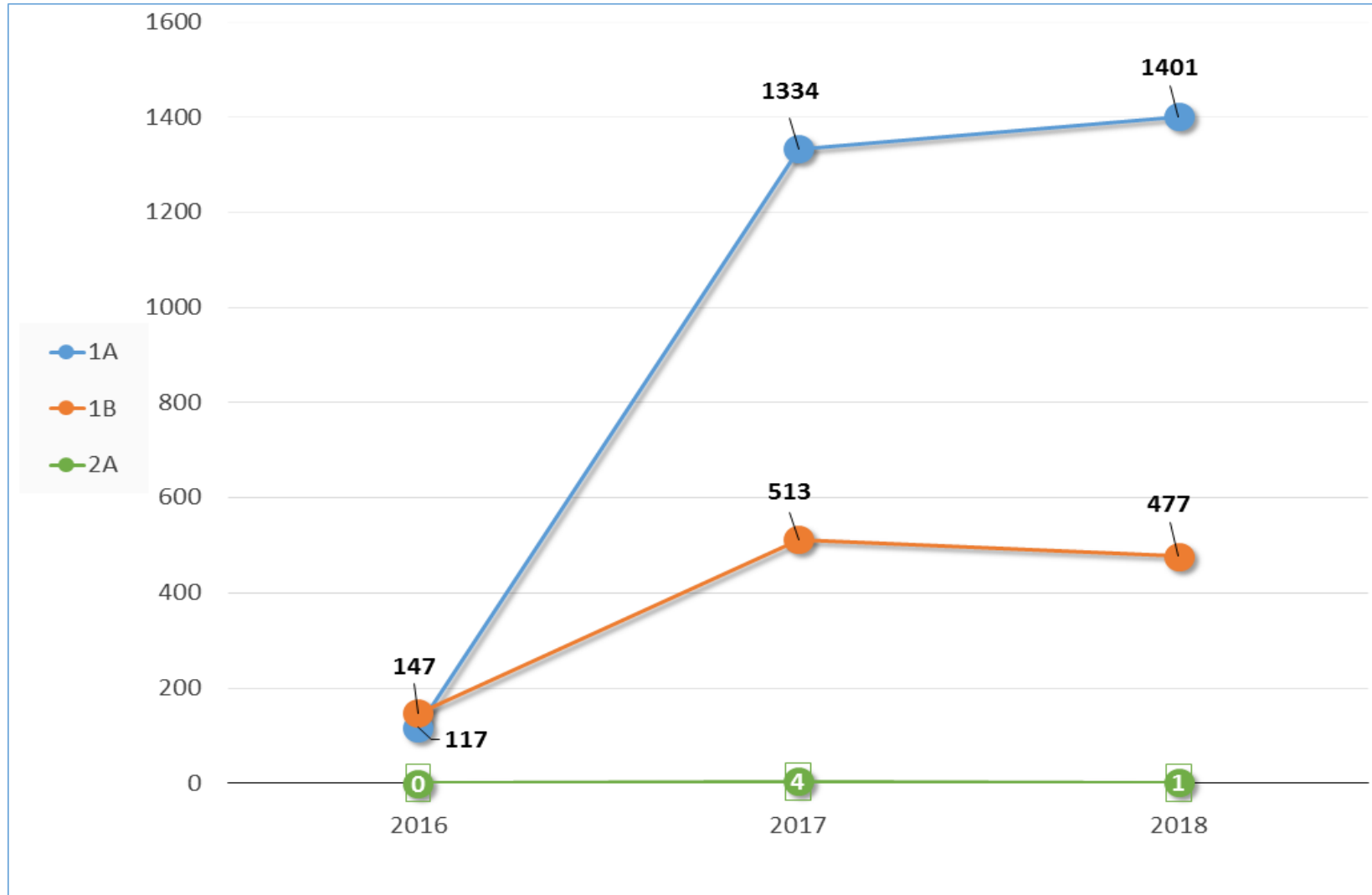
RED

- Environmental: 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
- Environmental: 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

Amber

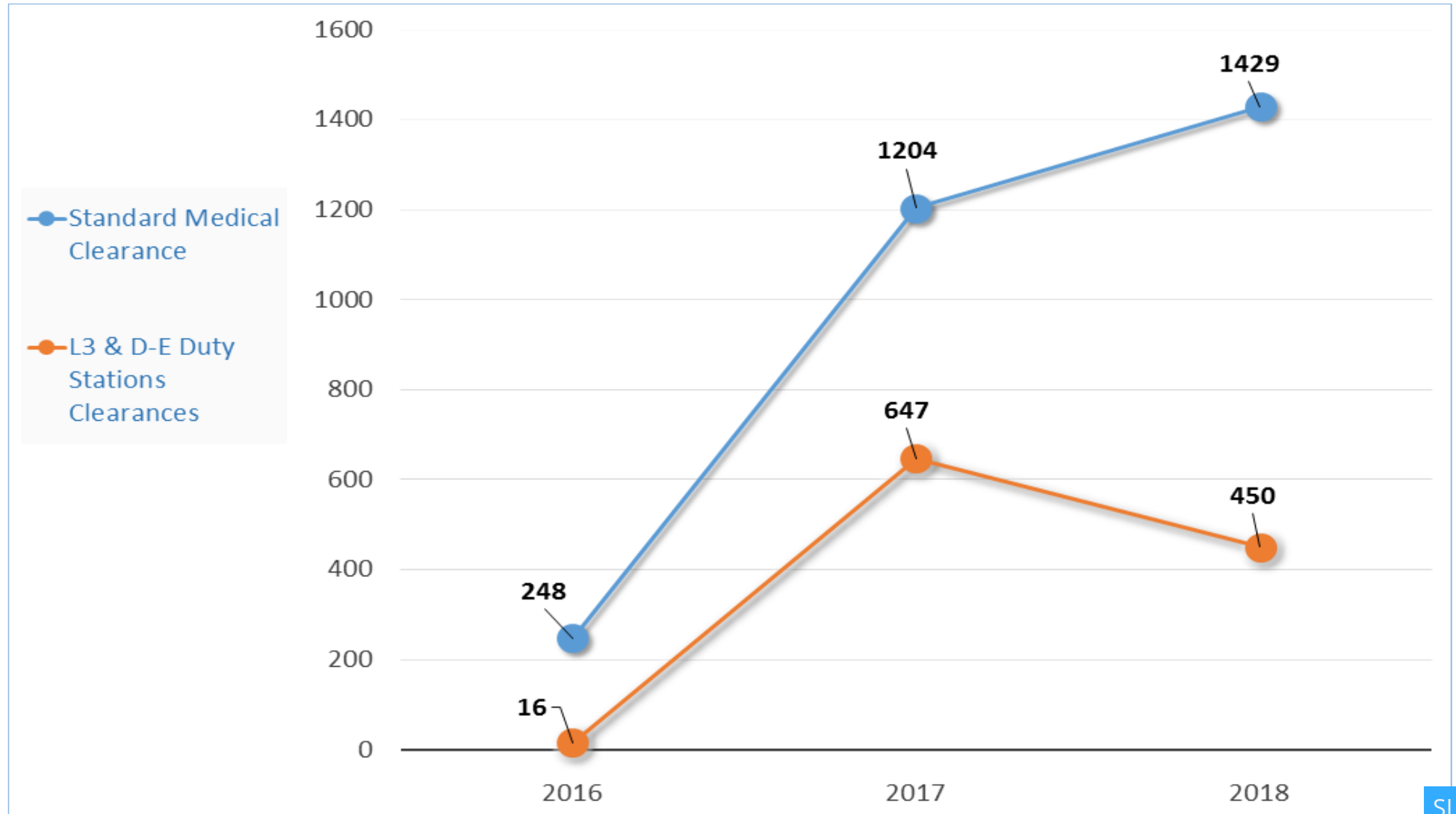
- Individual: deployment of Emergency Responders (individual fitness versus career development and operational requirements)
 - ✓ Emergency Response Roster
 - ✓ Pre-deployment Medical Clearance for L3 and D-E + follow up
 - ✓ Wellness projects (health promotion, prevention, protection)
 - ✓ Safety Management System (coming soon)
 - ✓ Compulsory medical clearance (coming soon)

Risk Assessment: Medical Classification



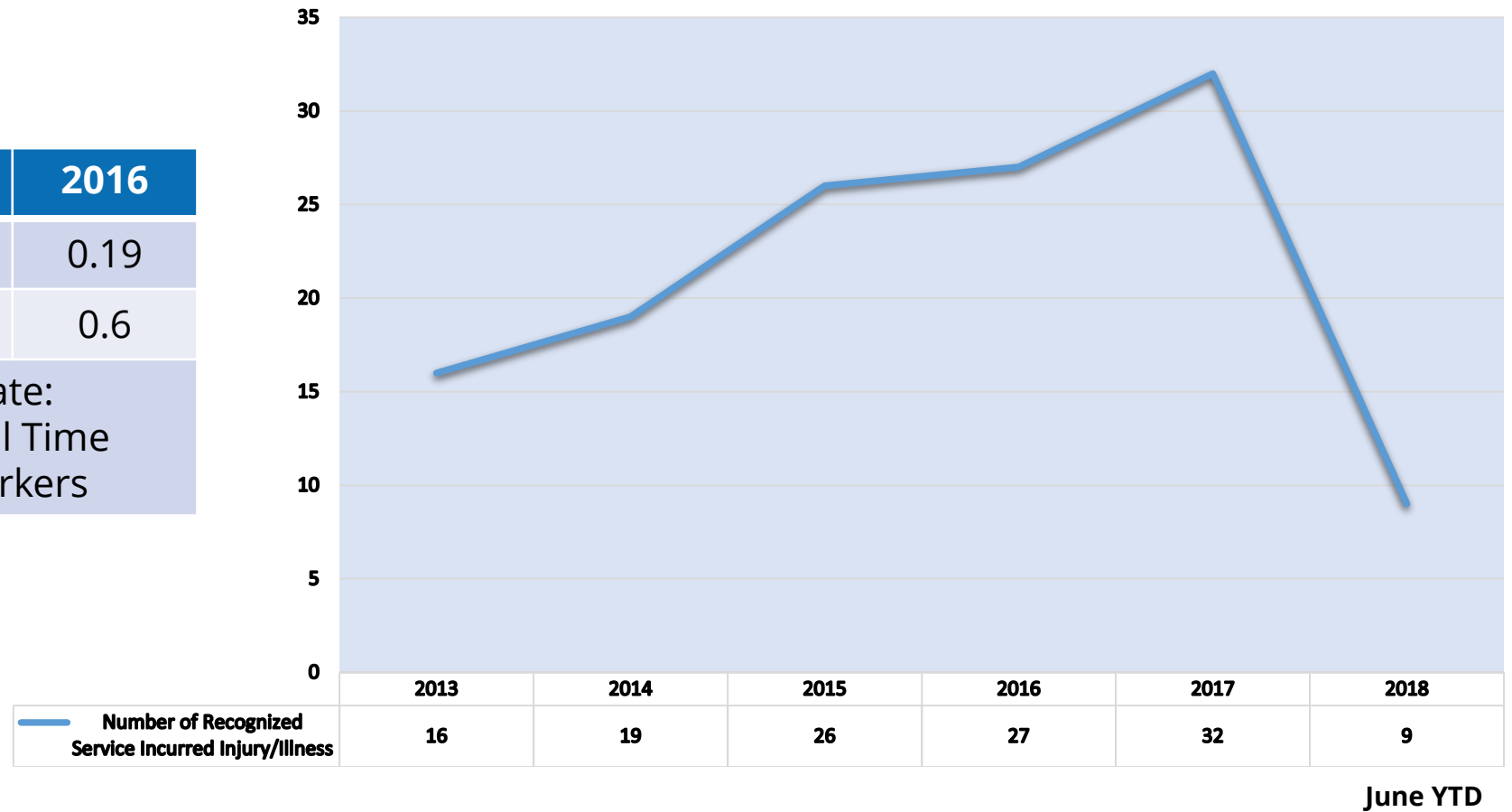
1A Fit for worldwide employment
1B Fit but may have medical restrictions
2A Unfit

Risk Assessment: Medical Clearance

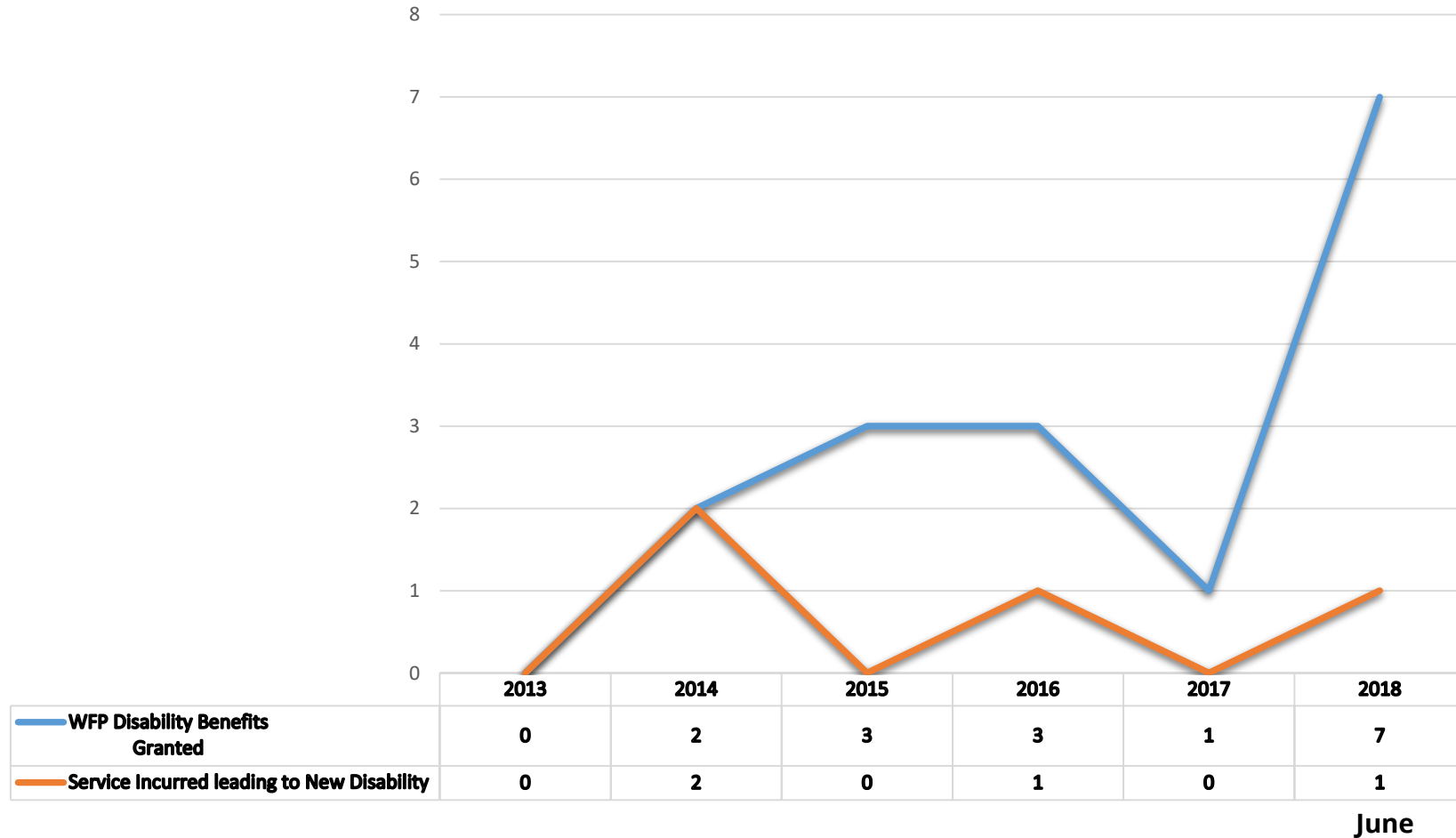


Risk Monitoring: Service Incurred Injury/Illness

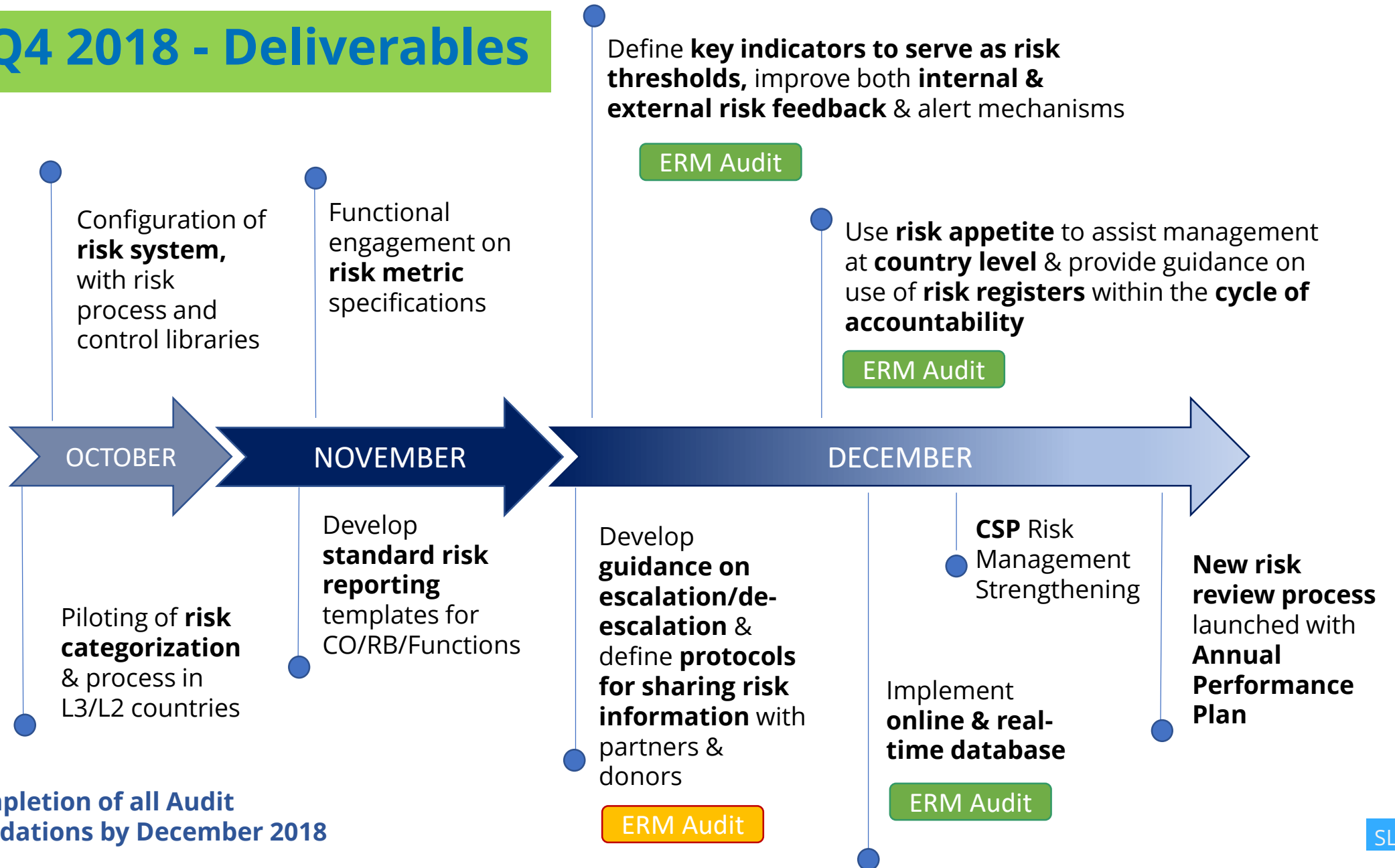
Year	2015	2016
WFP	0.2	0.19
US Fin./Ins	0.5	0.6
Incidence Rate: # cases/100 Full Time Equivalent workers		



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



Q4 2018 - Deliverables

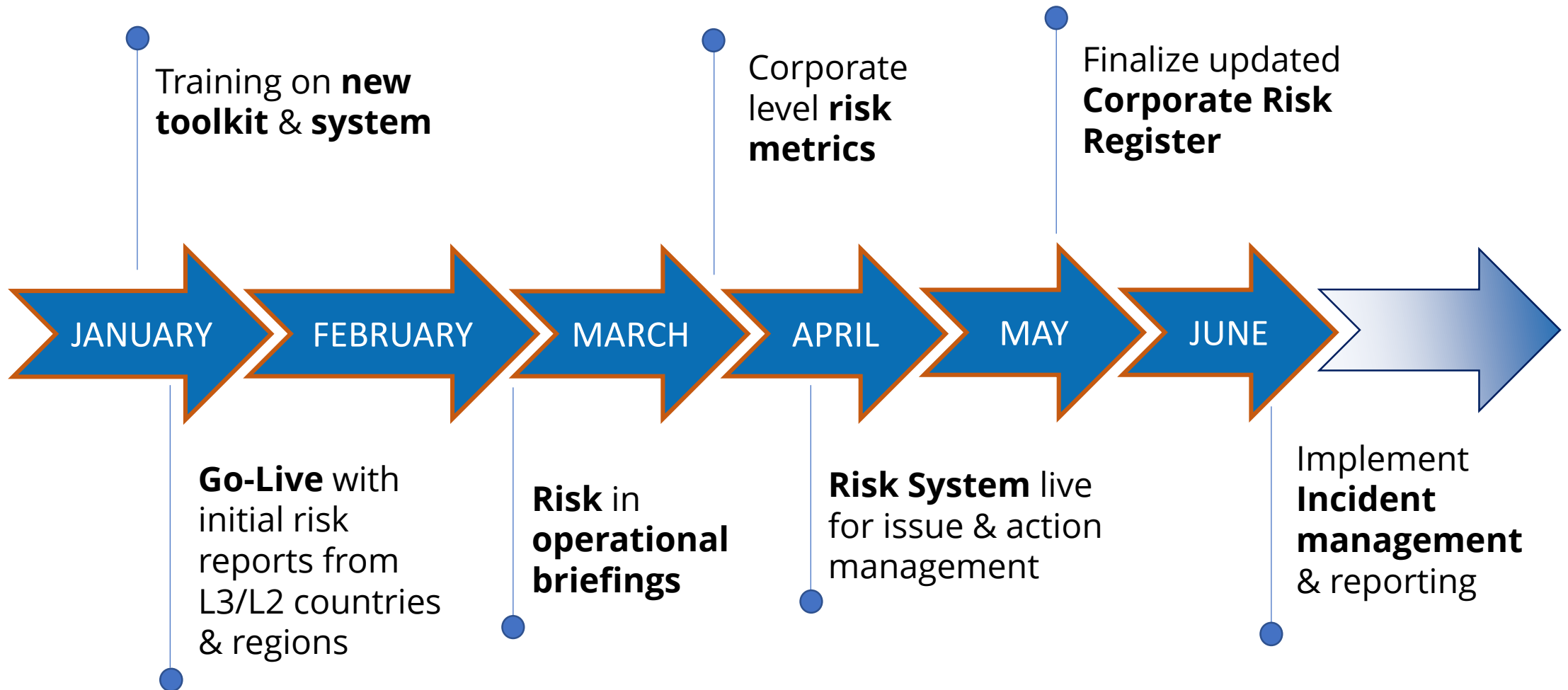


Target completion of all Audit recommendations by December 2018

03

2019 - Deliverables

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



Feedback and Discussion