



Policy Brief: Update of the Enterprise Risk Management Policy

Workshop with the WFP Executive Board

Thursday, 5 November 2026, 10:30 – 12:30
Auditorium, WFP headquarters

Introduction

1. A 2025 evaluation¹ concluded that WFP's 2018 enterprise risk management (ERM) policy² provides a firm foundation for risk management across the organization, marking a significant improvement over previous iterations. The evaluation noted WFP's progress in embedding risk management across the organization, reflected in a maturing risk culture and more risk-informed decision-making. This shift was driven largely by the expanded risk network, including full-time risk officers and risk focal points.
2. The evaluation also identified several areas for further work. Key findings highlighted the need to clarify risk tolerance, escalation protocols and mitigation processes; reflect cross-cutting issues; and more formally integrate risk management into programme planning, operational decision-making and employee roles and responsibilities. The evaluation emphasized the importance of addressing capacity and resourcing constraints and enhancing mutual transparency and risk sharing with partners to move away from implicit risk transfer. In its management response,³ WFP agreed to update the policy so that its systems are more dynamic and integrated into daily decision-making.
3. The ERM policy update was launched in early 2026 under the policy cycle framework.⁴ The policy update is supported by an internal reference group for internal validation of operational feasibility, the joint Policy and Risk Committee as the steering group for strategic guidance, and a structured consultation process with Member States. These forums provide opportunities to discuss the main areas of change and gather feedback to inform the final policy. The process will conclude with the policy's presentation to the Executive Board for approval in November 2027.

¹ WFP. 2025. *Evaluation of WFP's Enterprise Risk Management Policy (2018)*.

² "2018 enterprise risk management policy" (WFP/EB.2/2018/5-C).

³ "Management response to the recommendations from the summary report on the evaluation of WFP's 2018 enterprise risk management policy" (WFP/EB.2/2025/6-B/2/Add.1).

⁴ "Policy cycle framework" (WFP/EB.1/2025/6-A).

4. This brief supports an early strategic discussion with the Member States during the policy conception phase. Following the prescribed structure,⁵ it explains the importance of ERM, its relevance to WFP's mandate, key objectives, associated evidence and data and potential risks and opportunities. The workshop, scheduled for 5 November 2026, will facilitate an informal conversation on the direction of the policy's development, the theory of change, the approach to risk tolerance, and the principles of risk sharing.

I. Importance of enterprise risk management

5. WFP operates in an increasingly volatile global landscape characterized by protracted conflicts, climate-related shocks and emerging threats such as cyber-attacks and the potential misuse of artificial intelligence (AI). These pressures, compounded by resource constraints, heighten the need for agile, risk-informed prioritization so that WFP can continue to deliver results and impact for the people it serves.
6. WFP has restructured internally and strategically towards decentralization, giving country offices greater autonomy and shifting decision-making closer to affected communities. Externally, donors and WFP's governing bodies are seeking greater oversight and assurance, making transparency, risk information sharing and escalation central.
7. Against this backdrop, ERM provides structure, consistency and transparency to enable WFP to better navigate a volatile and resource-constrained operational environment while supporting decentralized decision-making in order to meet oversight and assurance expectations.
8. Over the implementation of the policy, WFP aims to build on the progress achieved to date by further evolving ERM from a predominantly specialist-led compliance exercise into a core management process where risk management is "everyone's business" and is consistently integrated into daily decisions. The policy will introduce targeted refinements to embed risk management more systematically into planning, prioritization and resource allocations to inform decision-making⁶ and support a gradual shift from static, periodic assessments to a more dynamic and continuous system that ensures operational resilience and maintains stakeholder trust.

II. Relevance to WFP's mandate

9. As a management policy, the ERM policy update supports WFP's mandate by ensuring that the organization's corporate systems, governance arrangements and workforce capacities are fit for purpose and able to deliver strong operational results.
10. The policy update will support the achievement of the strategic plan for 2026–2029,⁷ which requires more agile, risk-informed prioritization to manage an unprecedented funding gap and deliver results in a "doing better with less" environment. Risk management will be better embedded in cross-cutting priorities, with particular attention to empowering women and girls, advancing protection and accountability to affected people, upholding humanitarian principles and conflict sensitivity, promoting localization, and mainstreaming assurance measures, taking into consideration lessons learned from the implementation of the global assurance framework (GAF).

⁵ Ibid.

⁶ See the Committee of Sponsoring Organizations of the Treadway Commission's guidance [From Guidance to Action](#), 2026.

⁷ "WFP strategic plan (2026-2029)" (WFP/EB.2/2025/3-B/1/Rev.1).

11. The update is anchored in the roles and responsibilities defined in the WFP accountability and oversight framework⁸ to ensure transparent risk management processes, which foster trust with WFP's stakeholders.

III. Key objectives of the proposed policy update

12. The evaluation found that the current ERM policy provides a robust foundation, including a well-developed risk taxonomy across four core categories (strategic, operational, fiduciary and financial) and strong coherence with United Nations-wide frameworks and industry standards such as the Committee of Sponsoring Organizations of the Treadway Commission framework and the Institute of Internal Auditors "three lines" model. It also found that the policy has fostered a maturing risk culture, supported by an expanded risk network and increasingly risk-informed decision-making across corporate strategic planning, emergency scale-ups and programmatic operations. These gains are significant but not yet consistent across WFP, underscoring the need to further integrate risk management in a systematic way into planning and operational decisions.
13. As recommended by the evaluation, the updated ERM policy will introduce an explicit theory of change showing how the policy is expected to contribute to the delivery of WFP's mandate over the policy period. The update will also introduce modest and targeted refinements in five key areas, in line with the evaluation findings, in order to modernize WFP's ERM framework.
 - i) **Risk appetite statements** will be largely retained but refined with modern nomenclature to reflect evolving risks, such as those related to anti-fraud and anti-corruption.
 - ii) **Risk tolerance** will be further developed to support consistent and transparent decision-making in situations requiring acceptable and temporary deviations from risk appetite necessitated by the operational context, subject to appropriate governance and escalation processes.
 - iii) WFP's high-level **risk categorization** – strategic, operational, fiduciary and financial – will remain unchanged, while risk areas and risk types will be updated and tested against the WFP strategic plan to ensure that cross-cutting areas are reflected where possible.
 - iv) **Risk escalation** principles will link risk identification more clearly to timely decision-making and effective escalation. They will also define roles and responsibilities for post-escalation actions to address previous reporting bottlenecks.
 - v) **Risk sharing** principles will be introduced to support the reasonable sharing of the burden of preventative measures and of responsibilities that arise for materializing risks across the delivery chain, to better serve affected people.

Focus of workshop discussion

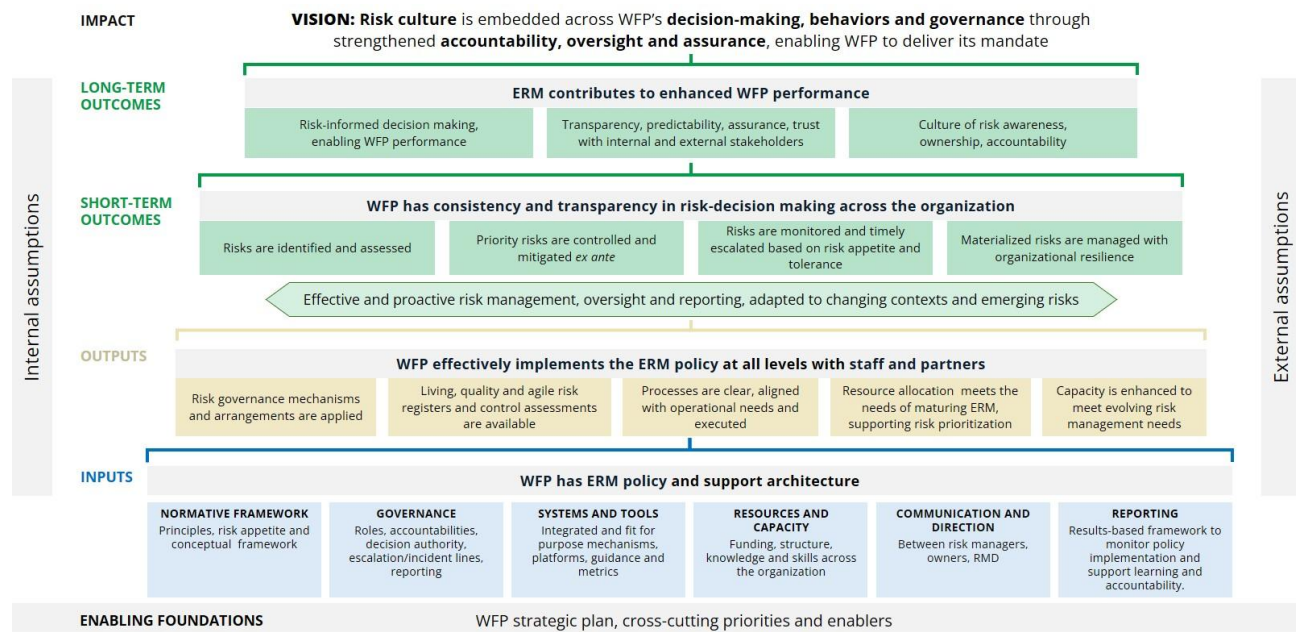
14. The workshop will seek Member State feedback in three areas that will most directly shape the policy update: the theory of change, the approach to risk tolerance, and the principles of risk sharing.

⁸ "WFP accountability and oversight framework" (WFP/EB.2/2025/6-A).

Theory of change

15. The overarching vision of the 2027 ERM policy's theory of change (see figure 1) is for risk culture to become embedded into WFP's decision-making, behaviours and governance through strengthened accountability, oversight and assurance, enabling WFP to deliver on its mandate.

Figure 1. Theory of change for the updated enterprise risk management policy



16. The theory of change outlines three mutually reinforcing long-term outcomes:
- **Risk-informed decision-making and performance:** ERM supports better decisions, prioritization and trade-offs, enabling performance, compliance and adaptability.
 - **Transparency, assurance and trust:** ERM strengthens transparency, predictability and assurance internally and externally.
 - **Risk culture and accountability:** Over time, ERM embeds risk awareness, ownership and accountability across functions and levels.
17. At its core, in the short-term ERM seeks to support consistent and transparent risk-informed decision-making across WFP, ensuring that risks are identified, assessed, monitored⁹ and managed in a structured manner; significant risks are escalated for timely management attention; and risks that materialize are managed with resilience to support operational continuity and adaptation in changing environments.

⁹ Risk identification and monitoring should draw on multiple sources of evidence, including programme monitoring, community feedback mechanisms, partner reporting and other assurance activities. Triangulation helps validate emerging risks and provides a stronger basis for management decisions.

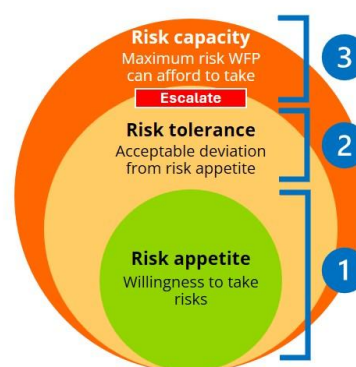
18. This is enabled through the effective application of ERM across the organization and partners, including functioning risk governance mechanisms; the use of high-quality and agile risk and control assessments¹⁰ to inform prioritization and resource allocation; clear and consistently applied processes; and strengthened organizational capacity to manage risk across diverse operational contexts.
19. These practices are underpinned by six enabling “building blocks”: a strong normative framework; governance and oversight arrangements; fit-for-purpose systems and tools; adequate resources and capacity; clear communication and direction; and reporting mechanisms. Together, these provide the foundation required to operationalize ERM consistently across the organization.

Risk tolerance

20. The evaluation found that WFP should distinguish more clearly between its aspirational risk appetite¹¹ statements, residual risk tolerance¹² and risk capacity.¹³ The updated policy will clarify risk tolerance as an agile mechanism that supports decision-making when complex operational contexts require acceptable and temporary deviations from the corporate risk appetite.

21. A structured three-stage model of risk evolution (see figure 2) will enable leadership at the country and functional levels to manage risks that exceed appetite within a context-specific boundary without surpassing WFP’s overall risk capacity.

Figure 2. Three stages of risk evolution



- **Stage 1: Emerging risk (within appetite):** Risks within appetite are managed and accepted locally by the country director or functional director.
 - **Stage 2: Risks increasing beyond appetite (outside appetite, within tolerance):** Country director or functional director continues to own and manage risk, implementing mitigation measures or tolerating the acceptable and temporary deviation from risk appetite while drawing on support as needed.
 - **Stage 3: Risk approaching tolerance limit (outside appetite, approaching capacity boundary):** When a risk threatens to exceed tolerance limits, formal escalation to senior leadership is required.¹⁴
22. Criteria – including programme criticality, duty of care, sphere of control and reputational impact – will guide country directors and functional leads in determining whether an emerging or significant out-of-appetite risk can be managed locally or must be formally escalated to senior leadership for a strategic decision.

¹⁰ Integration of systems, such as linking risk assessments to minimum monitoring requirements and assurance standards for community feedback mechanisms, is found to improve data quality and escalation.

¹¹ **Risk appetite** refers to the types and amounts of risk that the organization is willing to accept in pursuit of value.

¹² **Risk tolerance** refers to acceptable and temporary deviations from risk appetite necessitated by the operational context.

¹³ **Risk capacity** refers to the maximum risk WFP can absorb; risks exceeding the tolerance limit require escalation to senior leadership for a go/no-go decision.

¹⁴ Risk escalation and post-escalation roles and responsibilities will be developed in the policy update.

Risk sharing

23. The evaluation recommended WFP take steps to enhance mutual transparency and risk sharing mechanisms. In response, the policy update will elevate risk sharing from a discrete risk response to a principled approach applied throughout the risk life cycle.
24. In the 2018 policy, risk sharing was described as a mitigating action taken to reduce likelihood and/or impact by sharing elements of risk, using examples such as outsourcing and insurance. In the policy update, risk sharing will be defined as a “reasonable sharing of the burden of preventative measures, and reasonable sharing of responsibilities arising when risks materialize”. This approach will support collaboration and collective risk management across back donors, intermediary donors¹⁵ or agencies, host governments, and direct implementers across the delivery chain to better serve affected people.
25. The updated policy will outline high-level principles¹⁶ of risk sharing. The principles provide the foundation for how WFP approaches discussions, decisions and actions related to risk sharing.
 - **Collaborative approach** in pursuit of mutually acceptable risk-sharing solutions.
 - **Confidential, non-punitive dialogue** that enables open dialogue on risks and risk-sharing opportunities.
 - **Focus on key risks**, systemic and/or severe risks that inhibit 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 in contracts, budgets and guidance.
26. In addition, an internal risk sharing framework is under development, setting out a structured, seven-stage process. The framework will provide guidance for decision-makers with examples of current risk sharing practices and approaches to be explored as well as how to manage operational trade-offs and ensure proportionate controls in line with WFP’s risk appetite.

¹⁵ A back donor provides original funding; an intermediary donor, such as WFP, passes on funds to implementing or downstream partners.

¹⁶ These principles are aligned with the risk sharing framework developed in 2023 by the Risk Sharing Platform. [Risk Sharing Framework: Enhancing the Impact of Humanitarian Action through Improved Risk Sharing](#) (2022).

Figure 2. Seven-stage risk sharing process



IV. Risks and opportunities

27. The theory of change identifies several conditions necessary for successful implementation. For the purpose of monitoring implementation, these have been consolidated into a limited number of key risk areas (table 1). As the policy is further developed, these areas will be reviewed and prioritized to identify where additional management attention or mitigation measures may be required.

Table 1. Key risk areas and enabling conditions for policy implementation

Key area	Illustrative considerations
Risk-informed performance and integration into business processes	ERM contributes to improved WFP performance, recognizing that results depend on context and quality of implementation. ERM is increasingly embedded into business processes, while tensions between humanitarian imperatives and risk management requirements are effectively managed to support context-appropriate decision-making.
Risk culture, accountability and decision-making	Risk culture increasingly permeates the organization. Decision-makers are adaptive to changing risks and contexts, communicate trade-offs and prioritizations transparently, and staff understand and apply key ERM principles and practices in their day-to-day work.
Risk appetite and control environment	Transparency and clarity on risk appetite are strengthened; the ERM policy and risk appetite framework remain fit for purpose and aligned with WFP's mandate; internal control standards continue to mature
People, skills and organizational capacity	Human resources, skills and staffing are adequately strengthened, and personnel are willing and able to embrace an evolving risk culture and support the implementation of ERM across the organization.
Financial resources and predictability of funding	Resources are broadly adequate and sufficiently predictable to support implementation, prioritization, and consistent decision-making and trade-offs.
External alignment and risk sharing	Broad commitment and alignment among Member States, donors, host governments and implementing partners on transparency, risk appetite, risk sharing and ERM practices.
Operating environment and resilience	External shocks may occur and fluctuate but remain broadly manageable within WFP's operational risk tolerance, recognizing that ERM operates in inherently volatile environments.
Digital capabilities, data and innovation	Digital tools, including AI, are progressively adopted to support timely, integrated and risk-informed decision-making with their value underpinned by reliable data, interoperability, adequate capacity and human oversight.

V. Associated evidence and data

28. To inform the update of the ERM policy, a literature review was conducted to examine the evolution of ERM norms and practices since 2018. The review included updated international standards from the Institute of Internal Auditors (IIA), the Committee of Sponsoring Organizations of the Treadway Commission, and the High-Level Committee on Management (HLCM), sectoral practices, and case studies across United Nations organizations, international financial institutions and private sector entities.
29. By benchmarking WFP's practices against evolving norms and international standards and the approaches of peer organizations and organizations in other sectors, the review identified areas for improvement, where ERM can be embedded more directly into operational and strategic decision-making. Table 2 shows a benchmarking of ERM dimensions against emerging norms and practices observed across United Nations organizations and the private sector.

Table 2. Benchmarking of ERM dimensions

ERM dimension	Emerging practice in mature ERMs	Benchmarking examples	Current WFP state
Risk appetite and risk escalation	Appetite operationalized into KRIs, thresholds, escalation triggers	HLCM, HSBC, Maersk	Strong risk appetite statement, weaker operationalization
Risk ownership	Explicit accountability and escalation authority	IIA Three Lines Model, Airbus, UNHCR, Munich Re	Governance clarified but escalation response uneven, third-party risks remain fragmented
Oversight and independence	Independence of risk committees, external advice to challenge risk authority	HLCM, JP Morgan Chase, Munich Re	Risk committee composed of executive management members
Culture	Praise of risk escalation; risks reflected as incentives	HLCM, UNHCR	Risk ownership and escalation remain uneven, accountability unclear
Decision-making	Risk informs prioritization and resource allocation	World Bank SORT, Orange	Partial integration into operational decisions
Assurance integration	Unified risk-control-assurance-performance view	Airbus, UNDP	Integration is progressing through the global assurance framework but remains fragmented
Emerging risks	External intelligence sources used; use of AI for anticipatory analysis and dynamic monitoring	Shell, Microsoft	Dynamic risk monitoring is not systematic, lack of anticipatory analysis

Abbreviations: KRIs = key risk indicators; SORT = Systematic Operations Risk-rating Tool; UNDP = United Nations Development Programme; UNHCR = Office of the United Nations High Commissions for Refugees.

30. The literature review identified three clear trends in effective ERM: moving beyond compliance reporting to become a tool that supports decision-making; adapting to decentralized systems and diverse contexts; and anticipating emerging risks.¹⁷ For WFP, this represents both a challenge and an opportunity. Without adaptation, ERM could risk remaining a compliance exercise disconnected from operational realities. But by aligning with evolving norms and adopting practices from peers and the private sector, WFP can reframe ERM as a continuous, actionable and flexible tool that can support resilience and strategic decision-making in rapidly changing humanitarian settings.

VI. Next steps

31. Following the workshop, WFP will reflect on the feedback received and additional policy areas.
32. Formal consultation with the Member States will begin in 2027 through two informal consultations. RMD will also provide updates on the development of the policy update through its regular briefings.
33. WFP will share an advanced draft of the policy update before the first informal consultation to invite technical input and written feedback, followed by an updated draft before the second informal consultation. The iterative drafting process will ensure that feedback and comments are thoroughly considered and incorporated before the policy is shared with the joint Policy and Risk Committee for final endorsement. The updated ERM policy will be submitted to the Board for approval at its second regular session in November 2027.
34. To ensure the long-term success of the policy, WFP will also develop a costed implementation plan to support its implementation.

¹⁷ High-level Committee on Management. 2025. [Guidance on Risk Appetite Statements – 2025 Update](#). The HLCM even advocates for pre-emptive trigger limits that would provide an early warning system (p. 20)