UNICEF evolved enterprise risk management framework

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UNICEF Executive Board – Informal briefing – 22 May 2024

Item 14; Reference document: E/ICEF/2024/26
Vision for risk management

Robust enterprise-wide risk management will help UNICEF to secure success in its work for every child – recognizing that the biggest risk is not reaching children. It will enable a proactive and resilient organization to safely face the risks posed by the current environment and confidently take the risks required to achieve its objectives.

- Use as an active management tool to help the organization to take the right amount of the right type of risks, thus informing planning and decision-making;
- Be a forward-looking organization that systematically anticipates potential issues before they happen, manages expectations effectively and takes proactive action to reduce vulnerabilities and secure success;
- Build a comprehensive and streamlined system of risk assessment, control and assurance functions that work together efficiently based on a shared understanding of key risks;
- Apply risk mitigation, control and oversight efforts that are proportionate to the levels of risk associated with the delivery of results for children;
- Foster an open culture of risk awareness that encourages all stakeholders to transparently flag risks ahead of time, confidently take necessary risks and plan for and learn from failure.
Bringing ERM to its next level of maturity, building on solid foundation of existing risk management practices

1. A simplified risk policy and risk framework, centered on results for children
   - Revise key risk policies and procedures
   - Simplify guidance and taxonomy of risk categories
   - Align around results for children during midterm review

2. Defined top risks for the organization and clarified risk appetite
   - Strategic risk assessment
   - Have risk appetite discussions as part of top risks and updated emergency procedures
   - Capture risk appetite in overall risk appetite statement

3. A formalized organizational structure and governance for risk management
   - Define roles and responsibilities across three lines of defense, and across CO/RO/HQ
   - Review risk manager roles and risk team structures in CO/RO
   - Assign top risks to risk owners
   - Define governance and engagement on risk

4. A positive culture of risk awareness and strong risk management capabilities
   - Communication campaign to propagate risk vision and training to target cultural change
   - Risk data and knowledge management with updated enterprise risk management intranet
   - Tailored risk support to COs/initiatives and sharing of best practices
   - Set up risk network and community of practice

5. Simplified and harmonized tools and processes, integrated into planning and decision-making
   - Pilot simplified ERM tools and procedures
   - Integrate and simplify existing programmatic and operational risk tools
   - Review operational rules-based risk controls in policies, procedures and processes

6. A collaborative stakeholder and peer environment embracing risk sharing
   - Represent UNICEF in UN Risk Management Forum and other external forums
   - Engage in risk sharing conversations with stakeholders and donors

Safely face and confidently take risks required to deliver results for children

Make it actionable
Keep it simple
Bridge the siloes

Item 14: UNICEF evolved enterprise risk management framework
Many activities already underway

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<thead>
<tr>
<th>Risk framework</th>
<th>Q1 2024</th>
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<tbody>
<tr>
<td>Review and update risk policies and procedures</td>
<td>Align risk taxonomy with MTR adjusted Strategic Plan</td>
<td>Review risk strategy and update plan</td>
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<th>Top risks &amp; risk appetite</th>
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<tr>
<td>Initial risk appetite statement</td>
<td>Define top risks and risk owners</td>
<td>Operationalize and further refine risk appetite statement</td>
<td>Top risk and risk appetite discussions in SMRC</td>
<td>Update top risks for new Strategic Plan</td>
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<th>Organizational structure &amp; governance</th>
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<tr>
<td>Develop internal risk governance mechanisms</td>
<td>Facilitate internal risk governance</td>
<td>Annual EB engagement</td>
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<td>Define HQ/RO/CO resourcing, roles, engagement models</td>
<td>Reflect duties in competency framework and performance management system</td>
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<td>Communication campaign, intranet update, update learning modules, set up risk network</td>
<td>Leverage workplace culture initiatives</td>
<td>Actively develop risk network and Community of Practice</td>
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<td>Tailored risk support to COs, training and sharing of best practices</td>
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<th>Tools, processes &amp; integration</th>
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<td>Develop and pilot simplified ERM tool</td>
<td>Roll out simplified ERM tool</td>
<td>Drive integration, interoperability, simplification</td>
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<td>Represent UNICEF in external risk forums</td>
<td>Engage in risk sharing conversations and donor risk dialogues</td>
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Risk governance

• Three Lines Model
• Senior Management Risk Committee
• Global, Regional and Country Management Teams
• Various other management committees
• Executive Board
Executive Board engagement on risk

• Proposal to use **annual risk updates**, starting in 2025, to support the Executive Board in its risk oversight duties

• Annual risk report to provide an update on **risk management arrangements** in place as well as on the **most critical risks** that could potentially have an impact on the ability of UNICEF to achieve its mission and strategic goals in the future

• Annual session would best align with UNICEF internal workplanning and risk identification processes
Thank you.