RISK MANAGEMENT STRATEGY (SUMMARY)

Reducing uncertainty around the achievement of WHO’s objectives and outcomes

Abstract

This strategy provides a blueprint for WHO’s vision and ambition related to Enterprise Risk Management (ERM) within the World Health Organization (WHO). It outlines the path WHO has taken to introduce concrete measures to identify, assess, manage, and monitor risks effectively, and the actions it will take in the short-, medium- and long-term to embed a stronger risk culture and a more enabling risk management process within the Organization.

Office of Compliance, Risk Management and Ethics (CRE)
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I. Background

1. All WHO stakeholders, including the people we serve, Member States, partner agencies, WHO personnel, and donors, rightly have high expectations for strong systems to identify and respond to risks.

2. WHO recognizes that the global environment in which it delivers its mission is becoming increasingly complex and is filled with uncertainty. WHO needs to take calculated risks to successfully achieve its ambitious mission, and the General Programme of Work (GPW).

3. WHO therefore needs to explicitly define an enabling risk appetite and ensure that its approaches, strategies and tools consistently enables its operations, in line with that appetite. WHO will not be able to achieve the results as defined in its GPW and in the Sustainable Development Goals (SDGs) if the Organization is “risk averse” or “risk blind”. Accordingly, WHO must define effective ways to understand the risks it faces and manage them to maximize results.

4. In defining and implementing those fit-for-purpose risk management approaches across its Results-Based Management (RBM) System and operations, WHO will be able to minimize surprises which derail achievement of results and undermine its related financing.

5. Incorporating leading practices, including from across the United Nations for an effective risk management system, this Strategy outlines a framework to ensure WHO’s Enterprise Risk Management (ERM) system is fit-for-purpose to enable the achievement of its objectives in line with its risk appetite.
II. Risk management journey to date

- In 2011, the importance of risk management in achieving results was institutionalized by WHO’s reform process (as defined at the 64th World Health Assembly). In 2014, the Office of Compliance, Risk Management and Ethics (CRE) was established as part of this reform.

- The first Executive Board paper on risk management, including a corporate risk register, was submitted to the EB in May 2013.¹ A Corporate Risk Management Policy was issued in November 2015², and the 2015 WHO Accountability Framework clearly included risk management as a key pillar.

- WHO has been publishing its Principal Risks annually since 2017 on its website. Moreover, between 2015 and May 2022, various governing bodies and their subsidiaries have issued 60 recommendations/requested actions of the Secretariat on risk management/risk statements³.

- Since 2017, WHO has:
  - Institutionalized, through its corporate risk register and internal control self-assessment checklist, an annual assessment of risks and key controls across the Organization.
  - Created dedicated risk management functions in each of the regions, and in some programmes, to support risk management activities.

- In the past decade, the complexity of WHO’s work has evolved, with increased demands for WHO’s engagement in health emergency preparedness and response, beyond its initial focus on normative work.

- WHO now faces increased operational risks, which require a different, expanded and more proactive approach: risk management cannot be a separate administrative process but must be embedded into the daily decision-making of all actors who contribute to delivering health outcomes, informing their strategic and operational choices as well as related resource prioritization.

- Risk management includes not only WHO’s personnel, but also its partners who help the Organization implement and deliver on its mission (i.e., Member States, International Non-Governmental Organizations (INGOs) or Non-Governmental Organizations (NGOs)).

² https://intranet.who.int/homes/cre/documents/corporateriskpolicy.pdf
³ IEOAC (11), PBAC (10), EB (2), IOAC (7), External Auditor (18), JIU (11), and ICSEA (1)
III. Risk management vision for the future

Risk management should enable WHO colleagues and partners to create impact and achieve results, and not be perceived as preventing the Organization from achieving positive health outcomes. Therefore, for WHO to effectively manage its risks, it should build a risk-aware culture, where risk management informs decision-making affecting the GPW outcomes and is embedded into its Results-Based Management system, to be an integral part of strategic planning, implementation, and resource prioritization at all levels. To achieve this goal, the following elements were identified as key outputs that must be achieved through implementation of the Risk Management Strategy.

![The Five Outputs to Achieve Impact](image)

**Figure 1: Vision and ambition for Enterprise Risk Management, namely, the Five Outputs to Achieve Impact**

1. **Mutual accountability with Member States** – WHO and its Member States have a mutual accountability in delivering health outcomes. In so doing, they also have mutual accountability to manage the uncertain events which may affect those health outcomes, i.e., risks.
   - This takes the form of agreeing a Programme Budget which clearly defines the risks faced when delivering the GPW, and
   - Prioritizing the resources in Programme Budget and other voluntary contributions aimed at maintaining risks within acceptable limits, as defined by the Risk Appetite Framework and the Organization’s Results-Based Management policies and procedures.
2. **Clarified responsibilities of Implementing Partners in managing risks within their control** – WHO delivers health outcomes through implementing partners (including MOHs, Non-State actors, etc.). The effective management of risks by WHO will therefore be highly dependent on WHO’s ability to assess the capacity\(^4\) of those implementing partners to identify, prevent and mitigate risks and its ability to monitor the effective management of risks during the implementation of health programmes. This will require implementing partners to commit to facilitating WHO’s assessments and monitoring activities, including, where needed, though external assurance mechanisms (e.g., external risk and assurance reviews, on-site spot-checks of implementing partners, and compliance reviews, etc.)

3. **The Director-General (DG) and Regional Directors (RDs) can attest to the effective management of risk at all levels** – the DG and RDs should be enabled to provide reasonable assurance to external stakeholders that risks are effectively identified and managed in all key operations and decisions contributing to the GPW. This will require:
   - Recognition that Principal Risks (i.e., fraud and corruption, SEAH etc…) require a more centralized and harmonized approach in defining mitigations and executing oversight (including compliance), led by the Global Risk Management Committee,
   - Risk management processes to be integrated into the Organization’s Results-Based Management and business operations of the Organization (including into the new ERP),
   - Roles and responsibilities at the three levels of the Organization to be clearly defined and efficiently distributed in terms of risk identification and performance of checks and balances (i.e., controls), and
   - Compliance checks to adherence with policies and procedures, and risk informed challenging mechanisms with the objective of generating robust and integrated assurance on which the Director-General and RDs can rely on, in line with the Three Lines of Assurance Model.

4. **All three levels (Countries, regions and HQ) are capacitated with sufficient resources** – in the form of Risk, Compliance and Assurance specialists in place where risks are higher and capacity is limited – risks are mitigated efficiently, using the optimal mix of skilled resources from all three levels and lines of assurance.

5. **All staff can make risk-based decisions** – all staff (across all levels of the Organization) are equipped with the guidance and resources needed to identify risks and base their decisions on a calculated balance between risks and rewards (i.e., pursued health impact or benefits).

Guiding the implementation of this Strategy is a Theory of Change, reflecting the activities above leading to the desired results and facilitating the development of a results framework and monitoring and evaluation framework for the Strategy.

\(^4\) Capacity refers to the people, processes, and systems

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IV. How we will achieve our vision

Figure 2: Our approach to achieving our vision by 2026

a) 2022 Reflect
 Reflecting on the Current State

Much of 2021 and 2022 were used to reflect on the current state of Risk Management within WHO, with two main outcomes:

i. **Formal gap assessments were conducted** (using external service providers), in the areas of the Internal Control (including a focus on Fraud and Corruption), Compliance, and Risk Management (with additional work done around developing a Risk Appetite Framework).

ii. **Strategies and Roadmaps have since been developed to close gaps.** Significant gaps will be closed through the implementation of this ERM strategy, and what follows in sections b) to d) below.

b) 2023 Preparing for change
 Ten key actions to shape the system and enable change

2. Reflect Risk Appetite in the preparation of the 2024-2025 Programme Budget
3. Update tools to manage collaboration with implementing partners
4. Enhance the Internal Control Framework

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5. Review the Delegation of Authority (DoA)
6. Operationalize a “Three Line of Assurance Model”
7. Formalize a network of risk champions within the existing first line functions in each division, department, and countries
8. Train key risk stakeholders
10. Update the Corporate Risk Policy and harmonize the terms of Reference for Risk Management committees across the three levels.

c) 2024-2025 Institutionalizing Change
Building a risk aware culture within WHO

Our objective in this phase is to enable systematic identification and analysis of risks, with sound comparison of expected health impact as a cornerstone of effective risk management. This requires the integration of risk assessment into Results-Based Management (RBM) (i.e., planning, implementation, and performance assessment processes) across the Organization:

1. Risk management incorporated into workplans.
2. Key Business Owners in the first line provide annual assurance.
3. An annual compliance, risk and assurance plan for monitoring of prioritized risks and controls is defined and driven by a Chief Risk Officer (CRO) role.
4. Risk management and assurance is linked to performance assessments.
5. Capacity of implementing partners to manage prioritized risks is systematically assessed.

d) 2026 Sustaining Change
Sustaining change beyond 2026

1. Information and Dashboarding.
2. ERM Technology.
3. Continuous Improvement.
V. Conclusion and timeframes

1. Timeframes for Endorsement of the ERM Strategy and Risk Appetite Framework.

The following next steps are recommended to achieve Member States’ endorsement, through a consultation process that affords key stakeholders the opportunity to give input over the next 6 months:

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<th>#</th>
<th>Action</th>
<th>Status/Due Date</th>
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<tbody>
<tr>
<td>1</td>
<td><strong>Endorsement by the Global Risk Management Committee (GRMC)</strong>&lt;br&gt;Having reviewed the draft ERM Strategy as pre-read to the committee meeting, the committee endorses the document for submission to the GPG.</td>
<td>Endorsed</td>
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<td>2</td>
<td><strong>Consultation with Independent Expert Oversight Advisory Committee (IEOAC)</strong>&lt;br&gt;The CRE team consults with IEOAC to ensure alignment of the ERM strategy with other oversight functions within WHO.</td>
<td>Consulted</td>
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<td>3</td>
<td><strong>Presentation to and endorsement by the Global Policy Group (GPG)</strong>&lt;br&gt;Following recommendations and endorsement by the GRMC and IEOAC, the GPG endorses the ERM Strategy for implementation.</td>
<td>May 2023</td>
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<td>4</td>
<td><strong>Member States information session</strong>&lt;br&gt;Member States are consulted on the updated ERM Strategy, as endorsed by the GPG.</td>
<td>May/ June 2023</td>
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<td>5</td>
<td><strong>Presentation to and discussion/review by PBAC 38</strong>&lt;br&gt;The PBAC will review, provide guidance and recommendations for possible adoption to EB153.</td>
<td>May 2023</td>
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<td>6</td>
<td><strong>EB 153 review and endorsement</strong>&lt;br&gt;The EB will consider the strategy, taking note of the PBAC report.</td>
<td>May/ June 2023</td>
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Table 2: An overview of the next steps to Socialize the ERM Strategy with Key Governing Bodies

2. Conclusion

Implementing this strategy across the three levels of the Organization, along with a proactive, practical, and systematic approach to enterprise risk management and the active engagement and ownership of Regional Offices and key business owners will deliver an enabling Risk Culture, where Risk management informs daily decision-making across WHO, in an inclusive, transparent, and efficient manner, leading to an environment where:

i) **GPW results are maximized**, as risks are managed in timely manner, and by all partners (opportunities are seized and crises minimized),

ii) **Trust in WHO increases**, and leads to increased and sustainable funding, and

iii) **WHO is recognized as best-in-class for its risk & assurance frameworks** and helps raise the bar for other UN Organizations.

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