**Executive Committee of the
High Commissioner's Programme**

**Standing Committee
76th meeting**

Risk management in UNHCR

Summary

This paper provides an update on UNHCR's approach and achievements related to Enterprise Risk Management. It outlines how UNHCR has continued its efforts to introduce concrete measures to manage risks effectively and to foster a stronger culture of risk management within the organization, including through the implementation of the Risk Management 2.0 initiative.

Contents

I.   Introduction

1.   UNHCR introduced a formal Enterprise Risk Management (ERM) policy in 2014, to support the systematic identification, analysis and treatment of risks that could impact the achievement of the organization's protection and solutions objectives.   The policy (HCP/2014/7) was presented at the 67th meeting of the Standing Committee (EC/67/SC/CRP.22).

2.   The High Commissioner launched the Risk Management 2.0 initiative during the 68th session of the Executive Committee in October 2017.   This time-bound initiative (2018-2020) supports the integrity of UNHCR programmes through targeted support to high-risk operations, while strengthening organization-wide risk management capacity and embedding risk management in core processes.   The objectives and implementation plan of the Risk Management 2.0 initiative were presented at the 73rd meeting of the Standing Committee (EC/69/SC/CRP.18).

3.   This paper outlines progress to date in improving risk management throughout the organization by providing an update on the implementation of the ERM policy and the Risk Management 2.0 initiative.

II.   Towards an improved risk management culture in UNHCR

A.   Risk management knowledge and capacity

4.   Enhanced risk management knowledge and capacity, combined with clear accountability at all levels of the organization, are essential to the strengthening of UNHCR's risk management culture.   Risk owners, who are usually either Representatives in the field or Directors at Headquarters, are accountable for reviewing risks, coordinating the development of risk treatment plans, monitoring their implementation and escalating risks, which cannot be addressed in-country for the attention of regional bureaux.

5.   Through the Risk Management 2.0 initiative, UNHCR has systematically strengthened the risk management capacity of the organization.   At Headquarters, the Chief Risk Officer, who reports directly to the Deputy High Commissioner, leads the ERM Unit and coordinates a network of field-based risk experts.   At the regional level, as part of the decentralization and regionalization process, Senior Regional Risk Management and Compliance Advisor (SRA) positions have been established as an integral part of all seven regional bureaux.   At country level, depending on operational requirements, risk owners (Representatives) are supported by country-based SRAs, roving SRAs and/or trained in-country risk focal points.

6.   To date, risk management support has been focused on high-risk and fragile operating environments.   SRAs work closely with Representatives in these operations to proactively identify and manage risks, while strengthening risk management awareness and capacity. Operations benefiting from the deployment of country-based SRAs in 2018 and 2019 include: Afghanistan, Bangladesh, Ethiopia, Iraq, Kenya, Lebanon, Sudan and Uganda.   Recruitment for field-based positions in the Democratic Republic of the Congo, Libya and the United Republic of Tanzania, as well as regional positions, is on-going.   In 2018, these target operations accounted for 33 per cent of UNHCR's total expenditure (US$ 4.2 billion recorded). By the end of 2019, the number of risk management positions will have increased to 27 positions, from 3 in 2017.

7.   To respond to requirements for short-term risk management support, two roving risk advisors support risk owners and their teams.   To date, operations in Bangladesh, Libya, the United Republic of Tanzania and Zambia have been supported through roving missions, while Chad, Nigeria, Pakistan and the Syrian Arab Republic will receive this type of support over the next six months.   The focus of missions includes the facilitation of risk management workshops and trainings, support for undertaking risk assessments and assistance in operationalizing risk treatments.

8. Over 220 UNHCR personnel have received training in undertaking assessments and treatments to provide support to risk owners, while more than 2000 staff members have completed the risk management eLearning programme.

B. Risk assessment and analysis

9. Systematic identification and analysis of risks are the cornerstones of effective risk management. It requires the integration of risk assessment into operations management cycle processes, as well as the effective management, analysis and use of risk information. The strategic risk register (SRR) captures the highest level of risks to UNHCR objectives, while the corporate risk register (CRR) is used to manage risk information emanating from field operations and headquarters divisions.

10. At the beginning of 2019, in support of focused and action-oriented strategic risk management, the SRR underwent a thorough revision by the High Commissioner, who is the risk owner for strategic risks, together with the Senior Executive Team and in collaboration with headquarters divisions. The revision of the SRR was guided by UNHCR's strategic directions for 2017-2021 and informed by the emerging risk trends emanating from the CRR.

11. Risks also present opportunities, as uncertainty (risk) can result in both positive and negative outcomes. The revised SRR contains 16 cross-cutting risks to UNHCR's high-level protection and solutions objectives. Four of them were considered to be especially critical: (i) integrity and ethical conduct; (ii) organizational change; (iii) emergency response; and (iv) data and analytics. To increase transparency regarding organizational risks, a summary of the SRR was shared with all UNHCR staff and member States.

12. In July 2019, the SRR was further updated to capture changes made since the revision earlier in the year. While no substantive changes were introduced to the 16 critical cross-cutting risks, this exercise was valuable in assessing progress in the implementation of mitigation measures.

13. Through its ERM policy, UNHCR has integrated a mandatory risk assessment into the annual planning process undertaken by all operations and headquarters entities. With a 100 per cent compliance, the 2019 risk review process resulted in the update of 162 risk registers. For the first time, systematic feedback was provided to all entities on their risks and mitigation measures, thereby further enhancing the quality of the CRR.

14. Global analysis of CRR data revealed that the total number of risks had reduced by 11 per cent from 2018 to 2019. However, this was largely driven by greater consistency in the level of detail at which operations recorded risks, rather than a reduction in risks facing UNHCR operations. Some 43 per cent of risks were rated as 'high', which was an increase of 3 per cent from 2018. All in all, 72 per cent of existing risks were updated, while 923 risks were closed and 652 new risks were identified. The number of updates during this process indicated an increasingly proactive approach to risk management across operations. A summary of the findings of the 2019 risk review process is provided in Annex A.

15. A reporting framework was developed to facilitate the use of risk information in decision-making. As part of this framework, reports summarizing data trends from the 2019 review process were produced for senior management, while a summary of the global data analysis was shared with all UNHCR staff. Sector-specific analyses were developed and discussed with Headquarters divisions to support policy development and standard-setting. These analyses also informed the mid-year review of the SRR.

16. The systematization of risk assessment processes has resulted in improving quality of available risk information, thus increasing its value and utility for organizational decision-making. This was reflected in the survey in April 2019, involving risk owners and focal points. The ERM framework facilitated risk-informed decision-making, according to 94 per cent of respondents, while 69 per cent indicated that the SRR was used to inform risk assessments in their entity or operation.

C. Risk mitigation

17.   The definition of appropriate treatments for identified risks and sustained attention to their implementation are of critical importance to effective risk management. Following the 2019 risk review process, operations and divisions had identified over 8,400 proactive and reactive treatments in support of risk mitigation.

18.   At country-level, risk treatment has been strengthened through the clarification of roles and responsibilities for the implementation of risk treatments. The CRR tool has been enhanced by requiring operations to assign responsibility for the implementation of specific risk treatments to individuals. To strengthen accountability for the implementation of risk treatments, automated notifications with updates on the status and deadlines for the implementation of risk treatments will be sent to treatment and risk owners.

19.   The presence of SRAs in a wide range of field operations has facilitated the identification, dissemination and replication of best practices and lessons learnt. This has included: (i) development of comprehensive fraud, corruption and prevention strategies and action plans in eight high-risk operations; (ii) strengthening of accountability to affected populations through the extension of successful community feedback mechanisms in East Africa; (iii) enhancement of procedures for the declaration of conflict of interest; (iv) facilitation of code of conduct dialogues; (v) strengthening of processes in high-risk environments through the development of robust standard operating procedures; and (vi) improvement of monitoring through the use of live data systems and technology.

20.   Collaboration with other internal stakeholders working on integrity-related issues and the institutionalization of best-practice mitigation activities are also essential to risk mitigation. Through wider institutional initiatives, UNHCR has issued policy and guidance to mitigate risks of fraud and corruption. Important examples include the "Policy on addressing fraud committed by persons of concern" (UNHCR/HCP/2017/3), the "Strategic framework for the prevention of fraud and corruption" (IOM/044-FOM/044/2013) and the "Enhanced framework for implementing with partners".

21.   Key systems and tools that support the implementation of these policies and frameworks, such as UNHCR's profile global registration system (proGres) IV, the population registration and identity management ecosystem (PRIMES) and standard operating procedures for cash-based interventions and strengthened technical monitoring tools, are also being promoted through risk management activities.

D. Mainstreaming risk management

22.   Embedding risk management in UNHCR's operations management cycle and other core processes is essential to the mainstreaming of risk management in UNHCR's day-to-day activities.

23.   Following the integration of risk management requirements in annual planning instructions, the operations plans of 27 high-risk operations were reviewed to ensure that available risk information had been used to inform planning. Some of the overarching orientations from this process included the need to adopt a situational approach to risk management in support of regional solutions, and the necessity to focus on risks related to multi-year multi-partner plans and the priorities set out in the Global Compact on Refugees.

24.   In support of the mainstreaming of risk management throughout the operations management cycle, risk management related requirements will be reflected in the upcoming revision of the programme manual. The opportunity to strengthen the link between risks, objectives and resource allocation is also being explored within the revision of the results-based management system.

25.   To increase the knowledge and capacity of internal stakeholders, UNHCR is systematically integrating risk management concepts and key messages in UNHCR's learning initiatives.

III. Next steps

26.   UNHCR is in the process of revising its ERM policy, with the objective of issuing an updated policy by the end of 2019. This revision will align the ERM framework with the current organizational structure and direction, the lessons learned from the Risk Management 2.0 initiative and the revision of the ISO31000 standard (2018). The concept of 'risk appetite' will be introduced in the revised policy, helping define the level and types of risk UNHCR wants to assume in order to achieve its mission.

27.   Looking ahead, the Risk Management 2.0 initiative will continue to provide targeted support to high-risk operations, while building broader organizational risk management knowledge and skills through training and internal communications activities.   At Headquarters, the ERM unit will work with sector experts to address high-risk themes and processes, such as partnership management, monitoring and fraud prevention.

28.   In support of a harmonized approach within the United Nations system, UNHCR contributes to the inter-agency working group on risk management under the High-Level Committee on Management.   Through this engagement, UNHCR has supported the development of a risk maturity framework tailored to the United Nations context. In 2019, UNHCR will seek external support to assess the organization's risk maturity in relation to the stages detailed in the approved framework.

29.   UNHCR's proactive, practical and systematic approach to risk management is yielding tangible results. The measurement of results achieved in the coming 18 months will play an important role in determining the required next steps.

Annex

Categorization and rating statistics of risks in the corporate risk register

1.   UNHCR uses three main categories to track risks in the corporate risk register: (a) institutional; (b) management and support; and (c) operations/implementation, with 37 sub-categories allowing for further analysis of the risks. Each risk is allocated to one risk category by the risk owner. Risks related to fraud and cash-based interventions are tracked separately within these categories to allow for detailed analysis.

2.   Risks are rated in terms of their likelihood and impact on a five point scale, ranging from "very low" to "very high" in case of their likelihood, and from "insignificant" to "disastrous" in case of their potential impact. Based on the combination of the likelihood and impact of the risk, an overall rating of high, medium or low is assigned.

3.   In addition to risk categorization and ratings, risks are also distinguished as priority and non-priority, helping operations focus attention on key risks. This information provides a good basis for the analysis of trends in the corporate risk register. Table I.A presents a breakdown of risks in each main category by rating, including a breakdown for priority risks only.

Table I.A
Risks by categories and rating as at 30/06/2019

	All risks				*Priority risks only*			
Risk categories	*High*	*Medium*	*Low*	*Total*	*High*	*Medium*	*Low*	*Total*
Institutional	113	78	9	**200**	50	16	1	**67**
Management and support	392	630	88	**1,110**	199	109	5	**313**
Operations / Implementation	474	396	30	**900**	274	88	6	**368**
Total	**979**	**1,104**	**127**	**2,210**	**523**	**213**	**12**	**748**

4.   Figure I.A provides a breakdown of the ten largest sub-categories of risks in the corporate risk register as at 30 June 2019. Figure I.B provides the ten largest sub-categories for high risks only as at 30 June 2019. Compared to previous years, there is a visible shift in field operations towards identifying and treating a higher number of risks related to (i) oversight, accountability and ethics; (ii) advocacy for protection and solutions; and (iii) government relations. UNHCR attributes the increased number of risks identified in the first-mentioned sub-category to improved awareness across the organization rather than an increase in the underlying level of risk UNHCR is facing. The increase in risks related to advocacy and government relations is likely driven by the evolving role of UNHCR in the context of the Global Compact on Refugees. As in previous years, potential threats related to basic needs and services, fair protection processes and documentation, and emergency preparedness and response and durable solutions are consistently identified as high risks, alongside security and staff safety risks.

Figure I.A
Ten largest sub-categories of all risks in the corporate risk register as at 30/06/2019
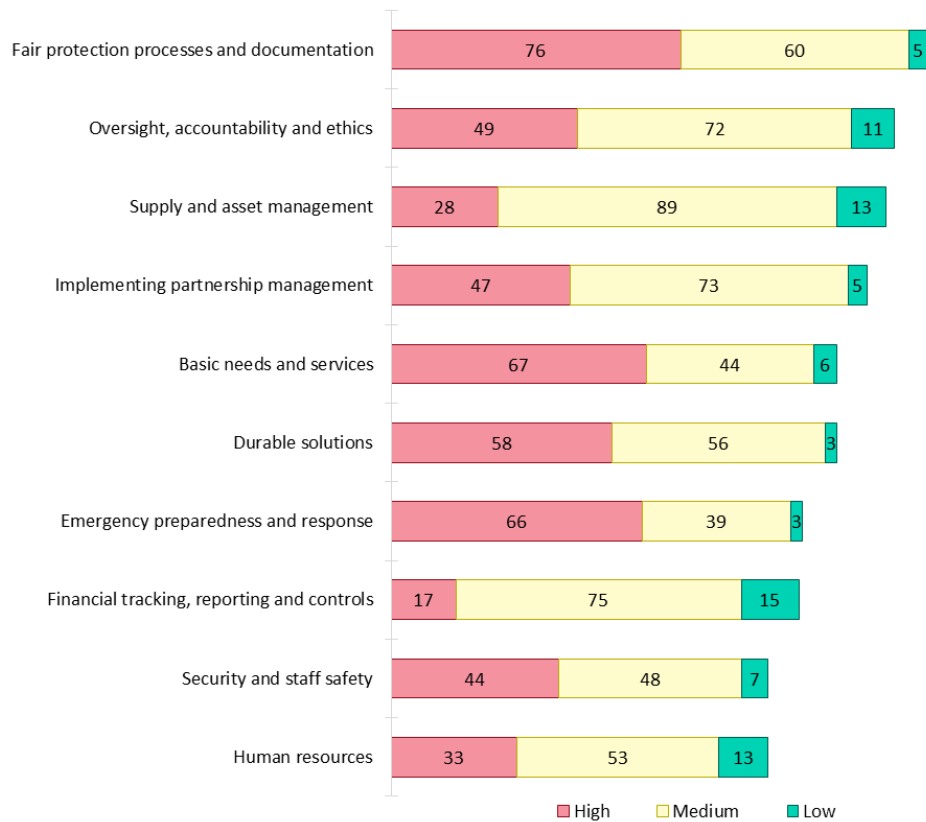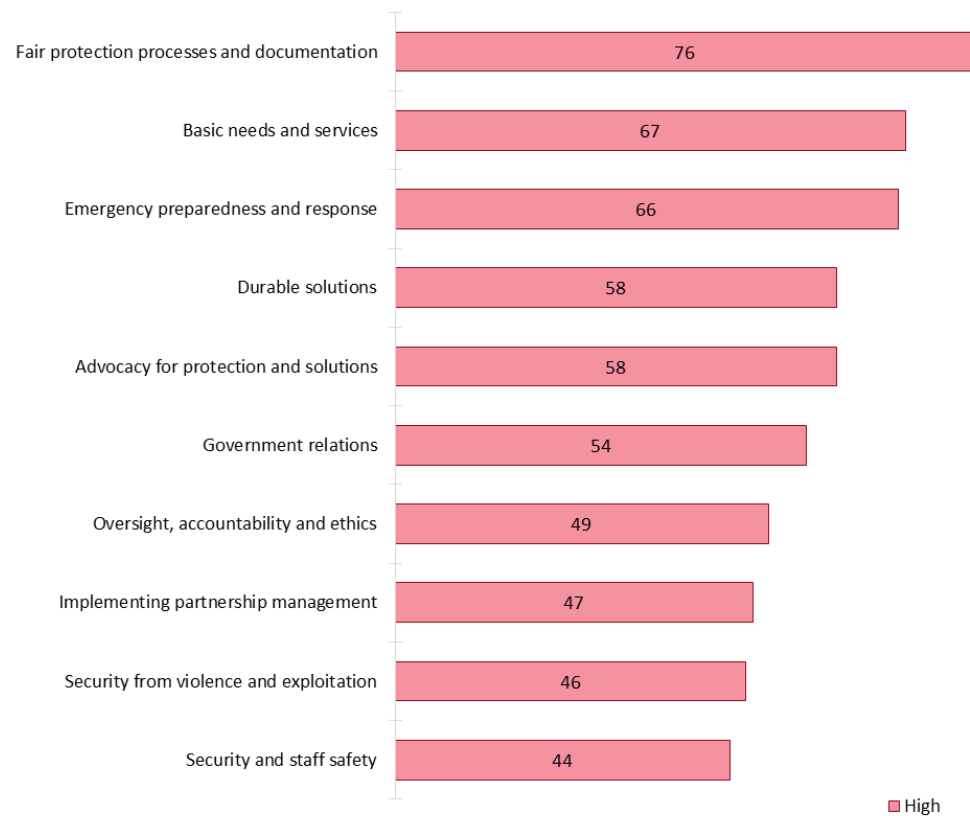

Figure I.B
Ten largest sub-categories of high risks in the corporate risk register as at 30/06/2019

5.   Figure I.C provides a breakdown of the ten largest sub-categories of priority risks in the corporate risk register as at 30/06/2019.

Figure I.C
Ten largest sub-categories of priority risks in the corporate risk register as at 30/06/2019