

Distr.: General 23 April 2019

Original: English

Industrial Development Board

Forty-seventh session Vienna, 1–3 July 2019 Item 7 of the provisional agenda General risk management

General risk management strategy

Report by the Director General

Further to the report of the Director General presented at the forty-sixth session of the Industrial Development Board (IDB.46/7) and in line with conclusion 2016/8 of the thirty-second session of the Programme and Budget Committee, the present document provides an update on UNIDO's general risk management strategy.

I. Background

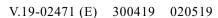
1. The present document provides information on progress made following the report IDB.46/7-PBC.34/7 dated 7 May 2018, which outlined the first steps taken and actions planned for implementing UNIDO's risk management framework. These consisted of establishing a Risk Management Committee and implementing activities related to the identification and assessment of UNIDO's risk profile, including measures to address the recent reduction in membership.

II. New developments

- 2. The UNIDO Risk Focal Point, the Director of the Department of External Relations, completed an initial institution-wide risk mapping exercise to identify the main perceived risks in key areas of UNIDO's operations. The survey also collected related mitigation strategies and actions that were planned or already under implementation.
- 3. The collated results of the in-house risk mapping were presented to the Risk Management Committee. The Risk Management Committee analysed, grouped and aggregated the perceived risks against the medium-term programme framework (MTPF), which resulted in the creation of a preliminary corporate risk register.
- 4. To respond to the strong interest and support shown by Member States on this issue, the UNIDO Focal Point presented the outcome of the initial risk mapping

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- exercise, an overview of UNIDO's enterprise risk management profile, and the preliminary corporate risk register in a briefing to Member States on 14 December 2018.
- 5. The risk assessment methodology and approach for implementing UNIDO's risk management policy framework was also shared with the Audit Advisory Committee, for its consideration and advice.
- 6. Through the Risk Focal Point, UNIDO actively participated in the High-Level Management Committee (HLCM) Cross-functional Task Force on Risk Management. The Task Force, comprised of various United Nations organizations, developed a risk maturity model to serve as a benchmarking tool for United Nations organizations implementing enterprise risk management. UNIDO's participation in the Task Force provided invaluable feedback on and fine-tuning of its approach to advancing the Organization's enterprise risk management policy framework.
- 7. In advancing UNIDO's enterprise risk management maturity, the Risk Management Committee prepared a workplan based on its risk maturity model and best practices in enterprise risk management. The workplan focuses on: validating the top-rated aggregated risks of the Organization; enhancing management dialogue related to the risk profile, with a view to defining risk appetite, tolerance and thresholds; defining and updating acceptable risk mitigation measures; assigning risk responsibility; providing substantive input to updating the Internal Control Framework; and instilling a common understanding of risk in the Organization through guiding documentation. This will serve to ultimately identify top risks of the Organization, as well as applicable mitigation measures and ownership.
- 8. The results of the full risk assessment are planned to be reported to Member States in a briefing in the fourth quarter of 2019.
- 9. As one of the risks with high impact on the financial situation of UNIDO, the risk of withdrawal of Member States from the Organization was highlighted specifically in conclusion 2016/8 and subsequently by individual Member States. The Department of External Relations continues to engage with a number of former Member States, while also focusing on strengthening UNIDO's relations with other non-Member States.
- 10. Additional progress achieved after the thirty-fifth session of the Programme and Budget Committee will be reported to the forty-seventh session of the Industrial Development Board in the form of a conference room paper.

III. Action required of the Committee

11. The Committee may wish to take note of the information provided in the present document.

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