
Member States Information Session

12 May 2022

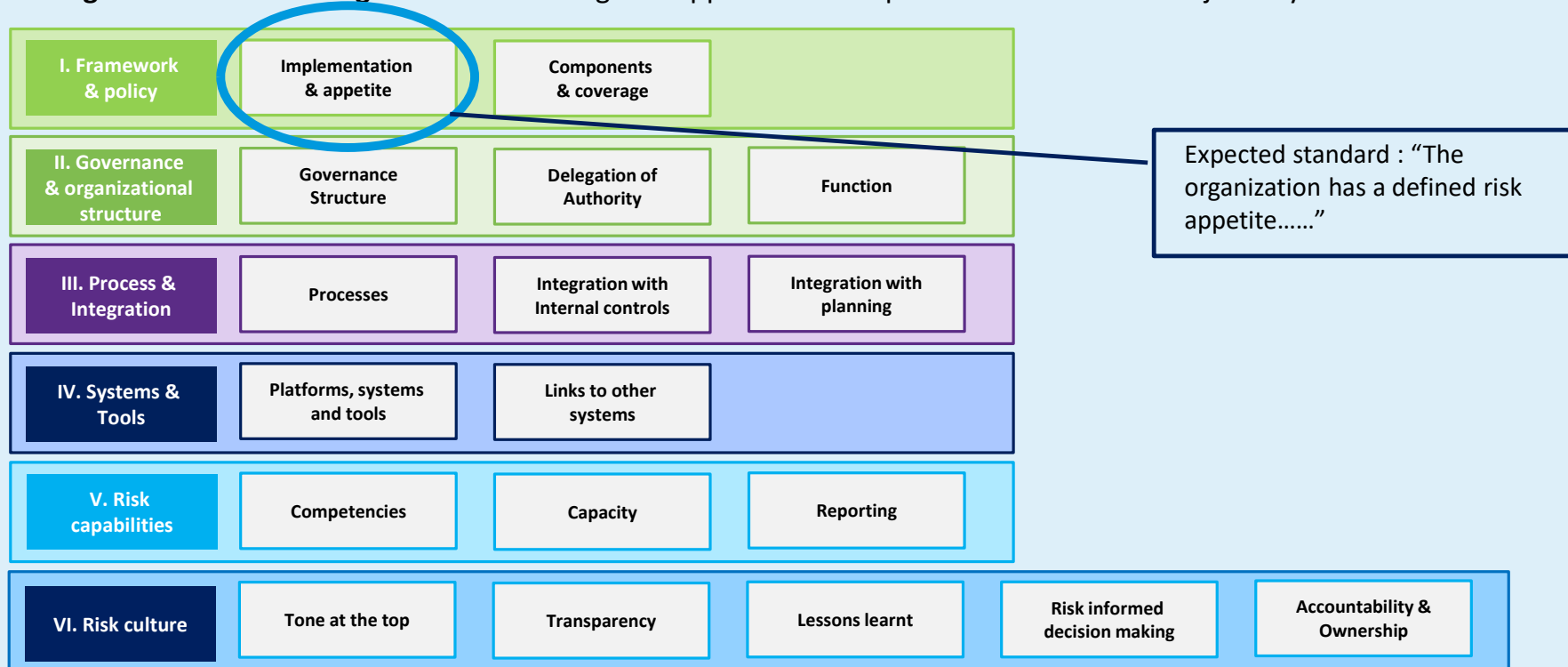


WHO's journey towards an actionable Risk Appetite



Strengthening Enterprise Risk Management in WHO (EB recommendation 148.4)...a journey guided by the UN Risk Management Maturity Model

The UN's developed Risk management Framework provides a **comprehensive road map towards achieving effective Risk management across the organization**. Defining Risk appetite is an important milestone in this journey.



Defining and operationalizing Risk Appetite...what benefits for the Secretariat and Member States?

Risk Appetite supports decision-making

- ✓ Allows WHO to express and communicate the aggregate amount (level and type) of risk that it is willing to accept in pursuit of its mission and objectives.
- ✓ Promotes alignment of all relevant stakeholders around the desired balance of risk and reward, thus equipping staff with guidance to make conscious and consistent decisions, including when facing dilemmas , in line with the defined Risk Acceptability levels.
- ✓ Supports Member States in guiding the Secretariat in strategic decision-making
- ✓ Helps detecting when risk is outside of acceptable levels at an early stage and trigger timely responses (“acting before it is too late”).
- ✓ Ultimately, improves the overall organizational performance by managing risks appropriately and within appetite.
- ✓ Supports WHO in prioritizing scarce resources

The journey towards an actionable Risk Appetite

From the highest level of abstraction to operational activities

The design of the risk appetite framework starts with the identification of the **main areas of performance - Key Success Factors** - that WHO needs to deliver on, in order to execute WHO's Mission successfully, in alignment with agreed **priorities and values**. It is recognized that all Key success Factors, if not managed effectively may impact negatively **WHO's reputation**.

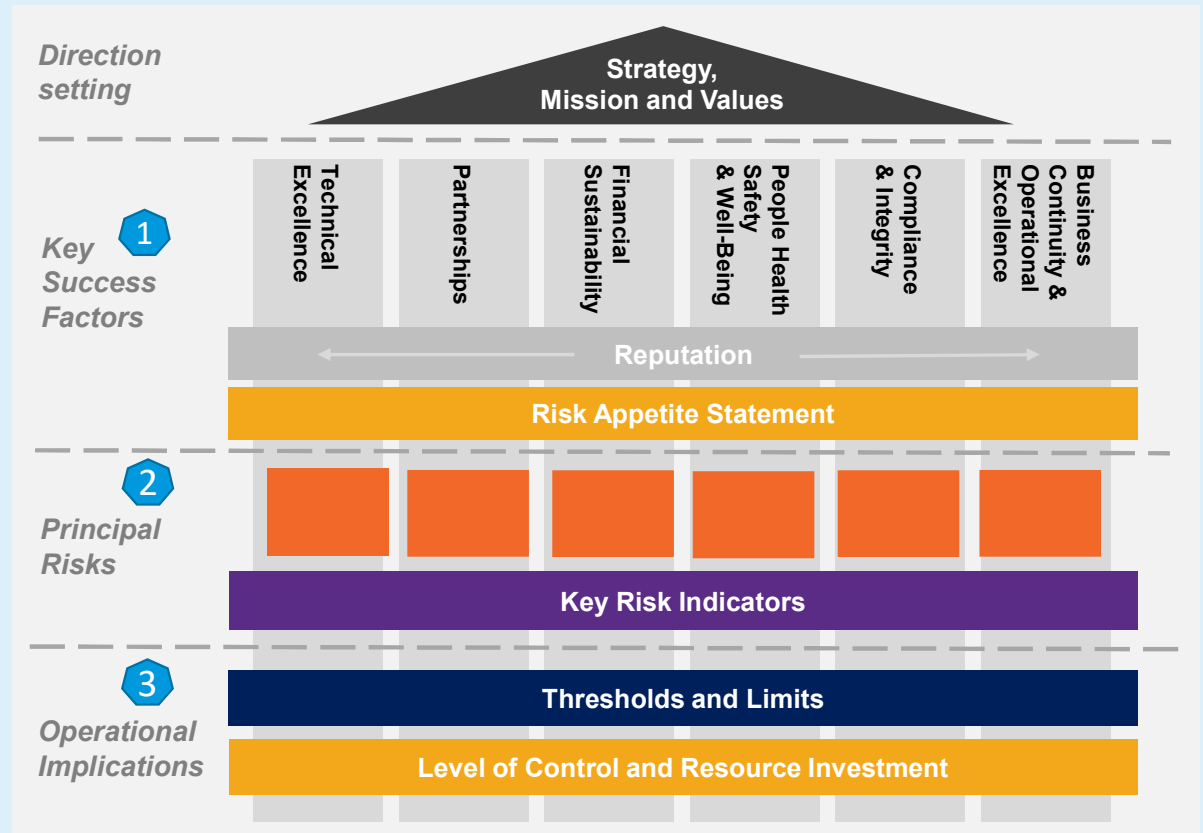
Risk Acceptability levels are then developed around the Key Success Factors, thus constituting the overarching **Risk Appetite Statement**.

To apply the Risk appetite framework, **Principal Risks** are linked to the areas of performance (**Key Success Factors**) that they are **most likely to impact** to determine what level of risk should be targeted to align with the defined acceptability levels.

Setting such **target risk levels** will have **operational implications**, as it will inform attitudes in daily operations by giving an indication of how far risks will have to be mitigated for example.

Moving forward, it is anticipated that **Key Risk Indicators** will be developed for the Principal Risks to help identify early in operations when risks may exceed the acceptable levels to allow timely intervention.

Lastly, WHO's policies and guidelines will be further guided by the defined Risk Appetite in setting the **level of control** required and related prioritized resources needed.



1 How have we defined Key Success Factors?

Detailing the drivers of WHO's organizational performance

Key Success Factors (KSF)	KSF Definitions
Technical Excellence	WHO shall act as the “directing and coordinating authority on international health work” by, delivering public health decisions and services of the highest quality (i.e., relevant, evidence-based, and swiftly) with the view to create measurable impact for people . In doing so, the organization prioritizes the interest of the people it serves before its own and seeks to maintain objectivity and independence when making public health decisions. In delivering its work, the organization will apply the principles of transparency, accountability, inclusion and will aim to respect the dignity and human rights of the people it serves.
Partnerships	WHO is a Member State Organization existing in an ecosystem of partners in which each plays a crucial role in achieving the Sustainable Development Goals (SDGs). Therefore, its success in fulfilling its function, as the directing and coordinating authority on international health work, will depend on its ability to maintain effective collaboration and trust with its Member States, donors, the United Nations (UN), UN specialized agencies, high-level political forums, other state-related entities, non-State actors, civil society and communities. In addition, WHO recognizes the critical importance of maintaining and building the trust placed in it by the public .
Financial Sustainability	WHO's financial resources are deployed to execute its vision, mission, and strategic priorities. The success of its work will depend on its ability to finance, in a sustainable manner, the key activities and core functions required to deliver the Global Programme of Work (GPW).
People Health, Safety and Wellbeing	WHO shall fulfill its duty of care towards its workforce and the people it serves, when delivering its mission, by protecting them from harm and promoting their wellbeing.
Compliance and Integrity	WHO expects its workforce and stakeholders it engages with to “Act with Integrity” , meaning that they must act in the best interest of WHO and People's health, in line with WHO's values and code of conduct. As an organization, WHO is committed to complying with its internal and external commitments , which include internal policies, rules, regulations and procedures, donor agreements or applicable international regulations.
Business Continuity and Operational Excellence	WHO recognizes that successfully delivering on its mission depends on its ability to ensure its freedom to operate , to secure the operating continuity of its critical systems and functions , as well as to deliver administrative services in an efficient manner, to enable its activities.

2 What are Principal Risks?

Principal Risks

As of 14 May 2021

Introduction

WHO, through its Risk Management Committee (RMC), regularly monitors the universe of risks potentially affecting the objectives set in its thirteenth General Programme of Work (GPW13) and related Transformation agenda.

The table below provides a "snapshot" to the date of publication of the corporate risks ("Principal Risks") which require coordinated response at the three levels of the Organization and with partners to fully achieve the objectives of:

- 1 WHO focused and aligned for impact
- 2 Enabling the full potential of WHO
- 3 Leveraging the global community

Risks are dynamic in nature and the RMC will continue to update this list and monitor the status of exposure in a regular manner in line with WHO's risk management processes and procedures.

RISK ID	SHORT NAME	RISK OF...	IMPACT ON WHO'S OBJECTIVES
1	Insufficient funding	Inability to deliver successfully GPW13 and emergency responses due to insufficient funding of programmes and activities	
2	Simultaneous Grade 3 emergencies	Failure to adequately manage multiple, simultaneous or consecutive Grade 3 emergencies, due to limited capacity and complexity of partner coordination, and supply chain challenges at national and international levels	
3	Emerging global health needs	Inability to timely respond to emerging global health needs under Billion 1 and 3 due to repurposing of national priorities and resources to the management of the COVID-19 pandemic and the complexity of multisectoral engagement needed to build strong commitment at national and international levels	
4	Incomplete implementation of polio eradication strategies	Inability to eradicate polio by 2023 due to programme needs possibly exceeding available resources as a consequence of increasing CoDPV2 outbreaks, access restrictions to remaining polio reservoirs facing insecurity, weak surveillance in high threat areas, suboptimal capabilities in surveillance, lab or health data personnel, community indifference and mistrust potentially resulting in pockets of unvaccinated children	
5	Ineffective polio transition	Inability to ensure effective transition of polio programmes due to increased vulnerability of some WHO country offices and technical programmes (such as essential immunization, vaccine preventable disease surveillance, emergency response capacity) that are highly dependent on polio staff and funding, potentially causing disruptions in the provision of basic essential health services in many fragile and conflict-affected Member States	
6	Ineffective implementation of WHO's Transformation Agenda	Failure to fully implement WHO's Transformation and continuous improvement agenda, including due to inability to provide resources to newly established areas, and to align risk appetite with internal and external stakeholders	

World Health Organization

- Risks Impacting WHO at corporate level
- Requiring coordinated response/ mitigation at the three levels of the Organization

2022 update ongoing!

3 What would be the Operational Consequences for setting Risk Acceptability levels? Operational consequences provide insight into the required resource investment

Risk Acceptability Scale	Controls	Monitoring and Reporting	Delegation of Authority	Resources	Innovation	Change Management & Communications	Speed of the Response
The Risk Acceptability Level chosen influences:	The types of controls, the amount of controls and frequency of control execution.	The frequency of monitoring and reporting, as well as the amount of detail reported.	The level of devolved authority.	The amount of investment in human capital resources, and financial resources required.	Our approach to innovation.	The amount and type of communication required, supported by training and awareness campaigns.	The amount of time that is allowed until a mitigation action is developed and implemented
Averse	↑	↑	↓	↑	↓	↑	↑
Minimal	↑	↑	↘	↘	↘	↘	↘
Cautious	↔	↔	↔	↔	↔	↔	↔
Open	↓	↘	↘	↘	↘	↓	↓

Example: Selecting “Minimal” for a Principal Risk can involve an increase in controls, monitoring and reporting, resources, change management and communication to effect change.

The Organization must weight if it is willing to (and able to) invest such resources to achieve change.

Legend:

- ↑ Significant Increase
- ↘ Slight Increase
- ↔ Maintain current level
- ↙ Slight Decrease
- ↓ Significant Decrease

Risk Appetite Statement ...where are we today ?

A draft Risk Appetite Statement has been developed

The key sections of the Statement include:

A. Pre-amble

Outlines the importance and value derived from a Risk Appetite Statement.

A. Pre-amble

An organization's risk appetite expresses the types and amount of risk it is willing to accept in pursuit of its objectives. In other words, it answers the question of how much risk the organization is prepared to face in delivering its strategy.

An effective risk appetite incorporates much more than a one-off policy statement. Its effectiveness lies in the linkage with the established organizational components (strategy, operating model, planning, and resource prioritization), and the concrete application of the risk appetite in decision-making, at all levels of the organization.

Effective management of risks at all levels of the organization will require providing sufficient guidance to decision-makers, by defining clear principles and boundaries, to reduce risk to an acceptable level, and seize opportunities when they arise.

A discussion of risk appetite should address the following questions:

- Organizational Values: What risks will we not accept?
- Strategy: What are the risks we need to take?
- External Stakeholders: What level of risks are they willing to bear?
- Capacity: What resources do we have to manage risks?

Arriving at a risk appetite approach that benefits the organization requires fundamental discussions on the organization's values and direction, and alignment with key stakeholders to reach a shared set of values and priorities.

An actionable framework, based on a fully aligned risk appetite, provides valuable guidance to the management in their daily business decisions.

Implementing risk appetite successfully can bring several benefits to an organization's ability to effectively manage risks and achieve its objectives. These benefits include:

- Helping the organization achieve its strategic objectives by taking on the right kind of risks at the right level, with the right risk responses in place.

B. Definitions and explanations

Defines key terms and provides explanations to stakeholders.

B. Definitions and explanation of the Risk Appetite Statement

The following definitions and explanations are key to understanding the WHO Risk Appetite Statement.

Key Success Factors:
Enablers and value drivers that inform day-to-day decision-making throughout WHO.

Risk Appetite:
The aggregate amount (level and types) of risk WHO wants to assume in pursuit of its strategic objectives (and mission).

Risk Appetite Statement:
The document that articulates the current risk appetite of WHO in different areas (namely, Key Success Factors).

Risk Acceptability Scale:
The extent to which the organization is willing to accept risk, or uncertainty, of a Key Success Factor in order to achieve the mission.

Risk Capacity:
The maximum risk WHO could bear without serious impairment to its capability to deliver on its mission. It provides an upper boundary to risk appetite.

Risk Criteria:
Risk criteria are terms of reference, used to evaluate the significance or importance of an organization's risks, and calibrated for the organization's risk appetite.

Risk Criticality:
Risk criticality is the total level of risk and is a function of risk impact and probability (i.e., impact * probability). Net risk criticality refers to the net residual criticality after the mitigations (including controls) have been applied to reduce the risk. Target net criticality refers to the target net risk, based on the risk acceptability level defined for a particular risk.

C. WHO's Risk Appetite Statement

The core of the Risk Appetite Statement, Zero-Tolerance Policy, defining key success factors (KSFs) and Risk Acceptability levels for risks that impact those KSFs.

C. WHO's Risk Appetite Statement

WHO's Overall Attitude to Risk in non-emergency and stable environments

WHO's mission, to help people attain the highest possible standards of health, requires operating in complex or changing environments where avoiding all forms of risks is impossible. The Organization takes risks in pursuit of opportunities, especially when pursuing innovation, life-saving interventions or when responding to emerging global health needs requires it.

Accordingly, WHO's overall attitude is to take calculated risks. This means balancing risks and impact as a basis for decision making when facing uncertainty. Recognizing that uncertainty may negatively affect the Organization's success, WHO sets its risk appetite by defining the drivers of its success (called "Key Success Factors") and describing the level of acceptability the Organization has for risks affecting any of the core principles in WHO's success factors.

WHO recognizes that all risks affecting its Key Success Factors, if not managed effectively, may result in reputational damage or may negatively impact its brand, hence the importance of achieving consistency in applying the WHO risk management framework in daily activities and decision-making.

Defined in the paragraphs below are the zero-tolerance policies within WHO, and risk acceptability levels for each of the Key Success Factors.

Zero-tolerance policies within WHO

In addition to WHO's Risk Acceptability Levels for its Key Success Factors, zero tolerance policies are applied to some risks. These include: Sexual Exploitation, Abuse and Harassment (SEAH), Fraud and Corruption (including money laundering and financing terrorism), contracting and partnering with the tobacco industry or non-State actors working to further the interests of the tobacco industry, engagement with the arms industry and financing terrorism.

D. Operationalising WHO's Risk Appetite

Highlights how the Risk Appetite will be operationalized and will guide decision-makers and risk owners.

D. Operationalizing WHO's Risk Appetite

i) Trade-offs/dilemmas and tensions between Key Success Factors:

Delivery on WHO's Mission is the "Raison d'être" of the organization. When delivering its mission, WHO may face complex situations where the attitude to risks prescribed for one success factor may come into tension with that of other success factors. This may be the case when deciding to engage in a new initiative or program, or when prioritizing the investment of resources (whether financial, human resources, or the time of personnel) between activities. When facing dilemmas, WHO will balance the level of risk inherent to its activities with the level of impact expected from those activities, to define the appropriate level of risk acceptability, while adhering to its zero-tolerance policies.

At the onset of an initiative or program (including graded emergencies), the level of risk acceptability set in pursuit of impact will be discussed and agreed with relevant stakeholders (both internal and external) and approved by the appropriate levels of authority. **Any deviation from the authorized levels will be escalated** to the higher level of management level for approval and justification should be adequately documented.

In contexts requiring immediate action, and where platforms to discuss dilemmas are not immediately available, rationale for decisions will be documented and revisited retroactively as needed.

ii) Operational implications:

WHO's Risk Appetite provides an indication of the amount of risk that WHO is willing to take to seize opportunities and deliver impact. Choosing a risk acceptance level also provides guidance in terms of the level of mitigation or control required for an activity or process, to effectively manage the residual risk.

WHO personnel must implement the controls necessary to ensure that the risk remains within the boundaries indicated by the risk acceptance levels. The level of risk accepted will also have consequences in terms of frequency and extent of monitoring and oversight, reporting, delegation of authority, resources, freedom to innovate, change management and communications.

How will we define the expected risk attitude in non-emergency scenarios?

Detailed contents of the draft Statement

Technical Excellence

WHO shall act as the “directing and coordinating authority on international health work”¹ by, delivering public health decisions and services of the **highest quality** (i.e., relevant, evidence-based, and swiftly) with the view to create **measurable impact for people**. In doing so, the Organization prioritizes the interest of the people it serves before its own, and seeks to maintain **objectivity and independence** when making public health decisions. In delivering its work, the Organization will apply the principles of **transparency, accountability, inclusion** and will aim to **respect the dignity and human rights** of the people it serves.

Risk Acceptability – [TBC: Averse/Minimal/Cautious/Open] – High levels of risk affecting the core principles underlying technical excellence [can/cannot] be accepted as such, and **mitigation must be developed** [immediately/as soon as possible] to bring the **residual risk to the** [medium level/ to as low as is reasonably possible], taking into consideration the relative importance of internal and external factors. The exposure to **internal factors** should be reduced [immediately/as soon as possible/in reasonable timelines] and **resources should be allocated** accordingly to achieve that target.

Examples of risks that impact this key success factor – Non-adherence to WHO Quality, Norms and Standards; Gaps in health data; and Ineffective response to health emergencies.

Key Success Factor

Key Success Factor Definition

Risk Acceptability level
for risks impacting
the key success factor

Example of relevant risks
i.e. risks that may impact directly
this Key Success Factor

What approach for emergency scenarios ?

Planned process for graded emergencies operations

1. In emergency situations, Senior Management¹ at the three levels of the organization **jointly define the levels of risk acceptance, upfront** (e.g., at the onset of a graded emergency) and document why risk acceptability levels defined for non-emergency levels cannot be maintained.
2. Once the levels of risk acceptability are **endorsed by Executive Management²**, WHO ensures that the **appropriate mitigations are included in the operational plans** of the relevant Emergency Response, to maintain the residual risk levels within the boundaries of the agreed acceptance levels.
3. For both acute and protracted phases of an emergency or crisis, **zero-tolerance policies promulgated at the level of the organization will, however, still be maintained and adhered to**, unless authorized by the Executive Management.

¹ Tentative Senior Management list, for input: Assistant Director-General (ADG) for Emergency Response, ADG Business Operations Services (BOS), Regional Emergency Director (RED), relevant WHO representative at country level (WR), and relevant Business Operations Services' (BOS) and Accountability Directors in Headquarters and in regions

² Tentative Executive Management list, for input: Executive Director WHO Health Emergency Programme, Regional Director and Director-General (where relevant).

How would Zero-tolerance policies apply: WHO's commitment to a firm response when a risk materializes

Where WHO has stated a “zero-tolerance policy”, there is a recognition of zero tolerance for inaction:

1. All reported instances of the risk, as well as any allegations or indications are taken seriously, and followed up
2. Redress mechanisms are put in place: lessons learnt exercises developed, and improvements made to minimize the chance of reoccurrence
3. Clear sanctions and disciplinary measures are taken and communicated in application of accountability framework and following the results of the investigative processes

Zero-tolerance policies within WHO

In addition to WHO's Risk Acceptability Levels for its Key Success Factors, zero tolerance policies are applied to some risks. These include: Sexual Exploitation, Abuse and Harassment (SEAH), Fraud and Corruption (including money laundering and financing terrorism), contracting and partnering with the tobacco industry or non-State actors working to further the interests of the tobacco industry, engagement with the arms industry and financing terrorism.

Where WHO has expressed zero tolerance, WHO commits to maintaining a clear and firm stance in responding to a report/indication of a risk having materialized by: (i) actively following up on the incidents (including investigation), (ii) taking appropriate corrective actions (including disciplinary actions, sanctions and recovery of funds lost as relevant) and (iii) ensuring that appropriate lessons-learnt exercises are conducted to improve processes and minimize the re-occurrence of such incidents.

To achieve this, WHO will take a firm stance to ensure that its staff and partners are aware of their responsibilities and are will be held accountable.

**Current Risks in scope for the
Zero-Tolerance Policy at WHO**

Secretariat's Next steps in developing the Risk Appetite Framework

- Continuing consultation on the overall Framework and incorporating feedback
- Defining risk acceptability levels for each of the Key Success Factors in consultation with senior management
- Piloting the operationalization of the Risk appetite statement with Principal risks
- Training and socializing the risk appetite statement across the three levels of the Organization
- Incorporated in the Risk Management Strategy (Q4 2022)



A close-up photograph of a diverse group of children, mostly of South Asian descent, smiling and laughing joyfully. The children are packed closely together, creating a sense of community and happiness. The lighting is bright, highlighting their faces.

Thank you

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