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.

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<th>I. Framework &amp; policy</th>
<th>Implementation &amp; appetite</th>
<th>Components &amp; coverage</th>
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<tr>
<td>II. Governance &amp; organizational structure</td>
<td>Governance Structure</td>
<td>Delegation of Authority</td>
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<tr>
<td>III. Process &amp; Integration</td>
<td>Processes</td>
<td>Integration with Internal controls</td>
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<td>IV. Systems &amp; Tools</td>
<td>Platforms, systems and tools</td>
<td>Links to other systems</td>
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<td>V. Risk capabilities</td>
<td>Competencies</td>
<td>Capacity</td>
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<tr>
<td>VI. Risk culture</td>
<td>Tone at the top</td>
<td>Transparency</td>
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Expected standard: “The organization has a defined risk appetite...”
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

**TO FULLY ACHIEVE THIS, THE RISK APPETITE FRAMEWORK NEEDS TO BE ACTIONABLE**
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.
### How have we defined Key Success Factors?

Detailing the drivers of WHO’s organizational performance

<table>
<thead>
<tr>
<th>Key Success Factors (KSF)</th>
<th>KSF Definitions</th>
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<tr>
<td><strong>Technical Excellence</strong></td>
<td>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.</td>
</tr>
<tr>
<td><strong>Partnerships</strong></td>
<td>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.</td>
</tr>
<tr>
<td><strong>Financial Sustainability</strong></td>
<td>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).</td>
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<tr>
<td><strong>People Health, Safety and Wellbeing</strong></td>
<td>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.</td>
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<tr>
<td><strong>Compliance and Integrity</strong></td>
<td>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.</td>
</tr>
<tr>
<td><strong>Business Continuity and Operational Excellence</strong></td>
<td>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.</td>
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What are Principal Risks?

- Risks Impacting WHO at corporate level

- Requiring coordinated response/mitigation at the three levels of the Organization

2022 update ongoing!

May 2022

Risk Appetite
### What would be the Operational Consequences for setting Risk Acceptability levels?

Operational consequences provide insight into the required resource investment.

<table>
<thead>
<tr>
<th>Risk Acceptability Scale</th>
<th>Controls</th>
<th>Monitoring and Reporting</th>
<th>Delegation of Authority</th>
<th>Resources</th>
<th>Innovation</th>
<th>Change Management &amp; Communications</th>
<th>Speed of the Response</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cautious</strong></td>
<td>![↑]</td>
<td>![↑]</td>
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</table>

**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
- **↓** Significant Decrease
- **↔** Slight Increase
- **↕** Slight Decrease
- **≡** Maintain current level

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**World Health Organization**

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DRAFT - FOR DISCUSSION ONLY
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.

B. Definitions and explanations
Defines key terms and provides explanations to stakeholders.

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.

D. Operationalising WHO’s Risk Appetite
Highlights how the Risk Appetite will be operationalized and will guide decision-makers and risk owners.

A. Pre-amble
An organization’s risk appetite expresses the types and amount of risk it is willing to accept in pursuit of its objective. 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 statement must be a useful tool in determining and managing the organization’s risk exposure. The risk appetite statement is an integral part of the risk management process, providing a basis for the development and implementation of effective risk strategies. It is used to ensure that all stakeholders are aware of the organization’s risk profile and that risks are managed in line with the stated appetite.

Effective management of risks at all levels of the organization will require providing sufficient guidance to decision-makers, by defining clear principles and boundaries. It is important to ensure that risk is understood at all levels and that the organization has a robust process in place to monitor and control risks.

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 risk are we willing to bear?
- Capacity: What resources do we have to manage risk?

An actively managed risk appetite provides valuable guidance to the management in their daily business decisions, helping to ensure that risk is accepted in a way that aligns with the organization’s risk appetite. Organizations that are effective at managing risk are able to balance their appetite for risk with their ability to effectively manage risks and achieve their objectives.

B. Definitions and explanation of the Risk Appetite Statement
The following definitions and explanations are key to understanding the Risk Appetite Statement:

- **Key Business Factors:**
  - Facilitates and drives informed decision-making throughout WHO.

- **Risk Appetite:**
  - The aggregate amount (level and type) of risk WHO is willing to accept in pursuit of its strategic objectives (and mission).

- **Risk Statement:**
  - Document that articulates the current risk appetite of WHO in different areas (namely, Key Business Factors).

- **Risk Acceptability Levels:**
  - Reflects the extent to which the organization is willing to accept risk, or uncertainty, of a Key Business Factor in order to achieve the mission.

- **Risk Capacity:**
  - The extent to which the organization can absorb risk.

C. WHO’s Risk Appetite Statement
WHO’s Risk Appetite Statement outlines the importance and value derived from a Risk Appetite Statement. It defines key terms and provides explanations to stakeholders.

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

WHO’s Overall Attitude to Risk in non-emergency and stable environments
WHO’s overall attitude to risk in non-emergency and stable environments is aligned with its mission to help people achieve the highest possible standards of health. In line with this mission, WHO views operational risk in terms of its potential to create organizational harm, whether in terms of reputation or financial impact, and rates the likelihood and impact of risks on the organization’s core business objectives.

- **Risk-acceptability levels:**
  - Reflect the organization’s risk appetite.
  - Define the acceptable level of risk that the organization is willing to accept.
  - Determine the level of risk that is acceptable in light of the potential impact on the organization’s mission.

WHO’s Risk Appetite Statement is a critical component of its risk management strategy. It provides a clear framework for decision-makers, enabling them to make informed choices about how to manage risks and how much risk the organization is prepared to accept.

D. Operationalising WHO’s Risk Appetite

1. **Operational implications:**
   - WHO’s Risk Appetite provides a foundation for the identification of the amount of risk that WHO is willing to accept in pursuit of its objectives. It is used to establish a framework for the identification, assessment, and management of risks. This framework ensures that risks are managed in line with the stated appetite.

2. **Operationalizing the Risk Appetite:**
   - WHO’s Risk Appetite is operationalized through the development and implementation of risk management policies and procedures. These policies and procedures are designed to ensure that risks are managed in line with the stated appetite and that the organization is able to effectively manage risks and achieve its objectives.

3. **Operational implications:**
   - WHO’s Risk Appetite provides a framework for the identification and management of operational risk. It is used to establish a framework for the identification, assessment, and management of risks. This framework ensures that risks are managed in line with the stated appetite.

4. **Operational implications:**
   - WHO’s Risk Appetite is operationalized through the development and implementation of risk management policies and procedures. These policies and procedures are designed to ensure that risks are managed in line with the stated appetite and that the organization is able to effectively manage risks and achieve its objectives.

5. **Operational implications:**
   - WHO’s Risk Appetite provides a foundation for the identification of the amount of risk that WHO is willing to accept in pursuit of its objectives. It is used to establish a framework for the identification, assessment, and management of risks. This framework ensures that risks are managed in line with the stated appetite.
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” 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.
What approach for emergency scenarios?
Planned process for graded emergencies operations

1. In emergency situations, Senior Management\(^1\) 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 Management*\(^2\), 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.
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)
Thank you

• For more information, please contact:

• Compliance and Risk Management Unit, CRE
• Email: risk@who.int