



Industrial Development Board

Forty-fifth session

Vienna, 27-29 or 30 June 2017

Item 4 (f) of the provisional agenda

General risk management strategy

Programme and Budget Committee

Thirty-third session

Vienna, 16-18 May 2017

Item 11 of the provisional agenda

General risk management strategy

General risk management strategy

Report by the Director General

Further to the report of the Director General presented at the forty-fourth session of the Industrial Development Board (IDB.44/11) 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 framework and measures for addressing the financial and administrative impact of Member States leaving the Organization.

I. Background

1. The present document provides further information on progress made following the report submitted to the Board on 11 October 2016, which outlined the risk management framework currently in place at UNIDO as well as measures taken to address the recent reduction in membership.

2. The UNIDO risk management strategy framework follows the Director General's Bulletins on the "Internal Control Framework (ICF)"¹ and the "Enterprise Risk Management (ERM) Policy".² The two documents provide a comprehensive basis for an organization-wide process of structured, integrated and systematic identification, analysis, evaluation, response, and monitoring of risks. The risk management strategy framework is meant to support the effective and efficient management of UNIDO and help ensure the sustainability of the Organization, allowing UNIDO to better manage external and internal risks by identifying, assessing and managing risks, opportunities and threats, and encouraging proactive management and well-informed decision-making. The implementation of the ERM strategy is an evolving process that requires time and resources to reach a level of full maturity.

¹ DGB/(M).119/Rev.1: Internal Control Framework.

² DGB/(P).126: Enterprise Risk Management Policy.

For reasons of economy, this document has not been printed. Delegates are kindly requested to bring their copies of documents to meetings.



II. New developments

3. Conclusion 2016/8 of the Programme and Budget Committee reinvigorated UNIDO's operationalization of the general risk management strategy framework. At the end of 2016, an internal task team was established and conducted a review of the current status of implementation. The findings of this internal review were presented to the Executive Board, which took the decisions outlined below.
4. The Executive Board decided on the designation of a UNIDO Risk Focal Point to coordinate the implementation of the risk management policy and support the Director General and the Executive Board by providing clear and concise risk information that can be used in the strategic planning of the Organization. Recognizing the risk of membership withdrawals as currently the most critical threat, the Department of External Relations has been appointed as UNIDO Risk Focal Point.
5. The establishment of an internal Risk Management Committee, consisting of representatives of relevant departments and divisions throughout the Organization, was also decided. Its composition and terms of reference will be submitted to the Executive Board for approval. The Risk Management Committee is meant to assist the Risk Focal Point in the implementation and monitoring of the general risk management strategy.
6. It is planned that the Secretariat will further advance general risk assessment, which includes risk identification, analysis and evaluation processes, once the Risk Management Committee has been established. Risk assessment establishes a better understanding and identification of risks, their causes, consequences and probabilities. The process is dynamic and requires regular updating.
7. As one of the risks with high impact on the financial situation of UNIDO, the risk of withdrawal of Member States from the Organization continues to be constantly monitored and carefully assessed with a view to minimizing the associated impact at the institutional and functional levels, as well as to reverse or at least halt the withdrawal trend.
8. The Secretariat is proceeding with initiatives to enhance its dialogue with Member States, maximize the developmental impact of UNIDO operations through an optimized partnership approach, and strengthen the perceived relevance of the Organization in intergovernmental and policy discussions on development cooperation as mitigation efforts to address the financial and administrative impact of such risk.

III. Action required of the Committee

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