

**STANDING COMMITTEE ON PROGRAMMES AND FINANCE**

**Thirty-third Session**

**UPDATE ON RISK MANAGEMENT**



## UPDATE ON RISK MANAGEMENT

1. IOM is firmly committed to embedding risk management practices and processes throughout the Organization. Its ongoing efforts to that end ensure that it proactively addresses the risks potentially affecting its mission and operations. Its goal is to create a risk-aware culture that promotes the identification, assessment and management of risks.

2. The Risk Management Unit plays a pivotal role in overseeing the development and implementation of IOM's institutional risk management framework. This framework provides for the adoption of risk appetite statements and protocols for reporting risk exposures to the Director General and across the Organization. The Unit continuously enhances methodologies, tools and competencies to facilitate risk-informed decision-making.

3. One of the Administration's priority aims is to produce a comprehensive definition of IOM's approach to risk. Recent organization-wide reviews (by the Multilateral Organisational Performance Assessment Network (MOPAN) and the United Kingdom Foreign, Commonwealth and Development Office) have provided valuable insights for the revision of draft risk appetite statements. These revisions aim to align with current organizational priorities and strategies, better capture emerging risks with significant impacts on performance and foster a risk-aware culture across the Organization.

4. The revision of IOM's corporate risk criteria will set the stage for a more granular definition of risk tolerance thresholds and related risk metrics at the operational level. The Administration is also exploring data analytics possibilities enabled by the new enterprise resource planning system and other tools, such as the online risk register functionality and the integration of project-related risks from the Project Information Management Application (PRIMA).

5. The Unit continues to be a key contributor to a culture of learning and an enabler for resilience, encouraging staff and stakeholders to be risk-aware when delivering on IOM's mandate and strategic objectives. It also recognizes and accepts that success is not always guaranteed, and therefore provides a mechanism for learning from both positive and negative results.

### **Operations and emergencies**

6. The Risk Management Unit is now an integral part of IOM's response to humanitarian emergencies and crisis situations. Following the devastating earthquakes in Türkiye and the Syrian Arab Republic in February 2023, and the ongoing Ukraine crisis, the Unit deployed a team to help IOM offices in Türkiye, Ukraine, Poland and the Republic of Moldova to develop comprehensive and inclusive risk assessments of their emergency activities. The aim is to strengthen operational responses by identifying risks and opportunities early. With the onset of the conflict in the Sudan, the Unit is now actively involved in regional planning and emergency programme design for IOM's regional response.

7. Since the beginning of 2023, the Unit has also worked on protracted crisis responses, providing on-site risk assessments and customized risk management capacity-building workshops in Bangladesh, focusing on IOM's camp management and related emergency activities in Cox's Bazar, and in Panama, addressing the protracted regional Venezuelan refugee response involving many Central and South American country offices.

8. The Unit is currently coordinating with the Department of Operations and Emergencies to pilot the Risk Sharing Framework<sup>1</sup> issued in June 2023 in the context of the Grand Bargain, with a view to documenting best practices and lessons learned so as to improve IOM's overall approach to localization and risk-sharing.

9. IOM recognizes the importance of equitably sharing the burden of risks in humanitarian operations all along the assistance delivery chain. It considers it a priority to embed this principle into partnership guidance and practice, and the Risk Management Unit is committed to advancing this principle.

### **Regional risk assessments**

10. Building on the 2022 development of regional risk assessments aligned with IOM's strategic objectives, the focus is now on reviewing and providing technical guidance to regional offices updating their risk profiles and indicators. The aim is to capture any changes in IOM's regional strategic objectives or operational context and to remain apprised of emerging risks. Thanks to this iterative approach, the foundation will be laid for future revisions of IOM's regional strategic objectives, complete with associated risk management plans.

### **Thematic risk assessments**

11. The Risk Management Unit is frequently called on to assess crises or critical situations from a risk perspective. It participates actively in various internal working groups and task forces, and provides advisory and coordination support. In one prominent area, the prevention of sexual exploitation and abuse, it is actively developing risk assessment toolkits, risk matrices and approaches aimed at addressing the related risks in high-risk areas, in close collaboration with the Prevention of and Response to Sexual Exploitation and Abuse and Sexual Harassment Unit.

12. The Risk Management Unit's involvement in corporate processes extends to its work on the Treasury Risk Committee, where it offers risk-based advice on IOM's investment strategies and provides guidance on treasury risk mitigation action plans. It also conducts in-depth risk analyses related to aid diversion in certain IOM operational contexts, provides risk oversight for the new Headquarters building project and maintains regular oversight coordination with the Office of the Inspector General (internal audit function) and the Audit and Oversight Advisory Committee.

13. IOM remains actively engaged in the United Nations Programme Criticality Framework, which brings together all United Nations agencies for country-wide programme risk assessments in high-risk locations. In 2023, IOM is co-leading the Framework's revision to align it with international risk management best practices. It is also contributing to the Risk Management Forum<sup>2</sup> of the United Nations High-Level Committee on Management, addressing strategic areas such as cybersecurity and policy advancements within the United Nations system.

### **Country-level risk assessments**

14. The Unit continues to prioritize high-risk areas of IOM activity and in particular the Organization's 10 largest operations worldwide (in order of size, Ukraine, Iraq, Greece, Türkiye,

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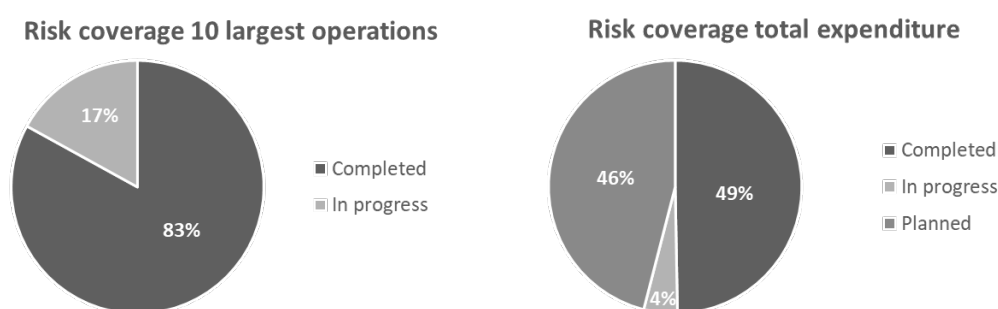
<sup>1</sup> International Committee of the Red Cross (ICRC), InterAction and Ministry of Foreign Affairs of the Netherlands, [Risk Sharing Framework – Enhancing the Impact of Humanitarian Action through Risk Sharing](#) (Inter-Agency Standing Committee, June 2023).

<sup>2</sup> United Nations System, Chief Executives Board for Coordination, [Risk Management Forum](#).

Bangladesh, South Sudan, Afghanistan, Ethiopia, Yemen and Nigeria). According to the financial results for 2022,<sup>3</sup> these operations account for 38 per cent of total IOM expenditure.

15. Since the previous update (document S/31/5), the Unit has helped eight of these operations operationalize their risk plans and is coordinating with the remaining two (South Sudan and Yemen) to that end. This initiative alone has resulted in 83 per cent coverage of expenditure in the 10 largest operations and in 31 per cent coverage of total IOM expenditure. Combined with organization-wide capacity-development efforts, total risk coverage via country offices is 49 per cent of total expenditure, with a 2023 target of 81 per cent of total expenditure (see Figure 1).

**Figure 1. Risk coverage, July 2022–June 2023**



Source: IOM Risk Management Unit.

16. An additional 40 country offices have asked the Unit for further technical support to finalize their risk assessments; 11 have specifically requested the Unit to conduct on-site face-to-face risk assessments and capacity-building workshops. To that end, the Unit uses training materials and tools designed to facilitate risk assessments and mainstream a risk management culture throughout the Organization; it also conducts anonymous surveys to obtain feedback and continuously improve its training efforts. The survey results indicate a good to excellent overall impression (94%) coupled with a confidence level ranging from somewhat confident to very confident (85%).

### Risk management information systems

17. In order to consolidate information and report on data resulting from the completion of risk registers by Headquarters departments and regional and country offices, the Unit has designed an online platform in collaboration with the Department of Information and Communications Technology. This will allow it to obtain an analytical overview of all the risks facing the Organization and to bridge the gap until the new enterprise resource planning system goes live in 2024. The various units currently working with the platform find it extremely user-friendly, and risk owners are now able to focus on major risks and actions to be taken.

### Risk capacity-building and training

18. In response to the considerable demand from Headquarters and regional/country offices worldwide for enhanced guidance and orientation on the effective application of risk management processes at all levels of strategic planning and decision-making, the Unit has taken the initiative to develop online tutorials. These tutorials are designed to help staff members with risk management responsibilities gain a deeper understanding of the risk management process. They include step-by-step modules for risk management and are accessible to all IOM personnel.

<sup>3</sup> IOM, Council, [Financial Report for the year ended 31 December 2022](#) (C/114/3 of 6 June 2023), Appendix 5.

19. Since the update of the risk management framework, the Unit has successfully engaged with more than 600 staff members in 82 country offices, most often in high-risk locations and in the form of face-to-face and on-site risk assessments and online training sessions. These initiatives are strategically designed to nurture a culture of risk management and streamline the process of conducting risk assessments.

20. Furthermore, as part of its ongoing efforts to mainstream risk management throughout the Organization, the Unit continues to identify dedicated risk management focal points among the senior programmatic and operational staff members in IOM's larger and more complex operations.

21. To further augment the essential technical expertise and competence required by its staff, the Unit, with the invaluable support of the Staff Development and Learning Unit, has devised and launched a comprehensive training and international certification programme. As a result, Unit staff members have obtained international certification from various organizations.<sup>4</sup>

### **Follow-up of reviews and recommendations**

22. To ensure effective enterprise risk management over time, the Office of the Inspector General conducted an assurance review of the IOM risk management function, its framework and activities in 2021.<sup>5</sup> During the reporting period, the Unit implemented 11 of the 12 internal audit recommendations; the remaining item (pertaining to the roll-out of risk appetite statements) is to be completed before the end of 2023.

23. Throughout 2022 and 2023, the risk management function has been integrated into organization-wide independent external reviews, including the MOPAN assessment and bilateral assurance reviews. Encouragingly, preliminary findings have recognized the significant strides made in strengthening IOM's risk management processes. While the Organization is heartened by this progress, the external reviews have also highlighted areas in need of further improvement. These areas encompass resourcing, staff retention and recruitment, clearer articulation of risk escalation mechanisms, active participation in organizational anti-fraud frameworks, and the precise definition of risk tolerance levels. The recommendations stemming from these assessments will play an important role in shaping the Risk Management Unit's vision and road map for 2024.

24. IOM continues regularly to assess and benchmark its progress against the Reference Maturity Model for Risk Management<sup>6</sup> developed by the United Nations High-level Committee on Management cross-functional task force on risk management, having accomplished the minimum requirements for the current level of risk maturity ("established"). With the progress achieved in 2023, IOM aims to reach the next level ("advanced") by 2024. It has a phased plan to achieve the highest maturity level ("leading") in 2024 or 2025 (Figure 2).

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<sup>4</sup> International Standards Organization (ISO) 31000- [Risk management](#); Committee of Sponsoring Organizations of the Treadway Commission (COSO) [Internal Control – Integrated Framework](#); [Institute of Risk Management](#); [Association of Certified Fraud Examiners](#); [UN Data Analytics Professional Certificate](#).

<sup>5</sup> IOM, Office of the Inspector General, [Management Response and Actions – Management of Risk in IOM –Audit File No. 3P202107](#) (n.d.).

<sup>6</sup> United Nations System, Chief Executives Board for Coordination (CEB), High-level Committee on Management, [Reference Maturity Model for Risk Management \(Final\)](#) (CEB/2019/HLCM/25 of 30 September 2019).

Figure 2. Levels of risk maturity



Source: Based on United Nations System, CEB, note 6.

### Staffing and resources

25. As in 2022, the Risk Management Unit is headed by the Chief Risk Officer, who oversees the work of two full-time risk officers and one associate risk officer.

26. In line with the priorities established by the budget reform process and approved by IOM Member States at the Thirtieth Session of the Standing Committee on Programmes and Finance, regional monitoring and evaluation positions have been enhanced to encompass risk management responsibilities. The aim is twofold: to extend the reach of risk management across IOM's regional offices and to help the Organization channel risk-related information from the field.