

INFORMATION NOTE

UNDP / UNFPA / UNOPS joint update on enterprise risk management and critical risks of strategic importance

January 2025

This joint information note on enterprise risk management and critical risks of strategic importance have been prepared in response to decision 2024/1 of the Executive Board.

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United Nations Development Programme (UNDP)

I. UNDP context

The United Nations Development Programme (UNDP), the leading UN agency for international development, operates in 170 countries and territories worldwide, with the largest field presence of any UN agency. By maintaining a long-term presence and working closely with national partners, we support countries in realizing their own development plans and goals. We work with other UN agencies to help achieve the results in the United Nations Sustainable Development Cooperation Framework (UNSDCF). We help fragile states build resilience and build back better from crises. We support countries to tackle poverty and inequality while protecting the planet – both through structural transformations (like strengthening national institutions, policies and services) as well as supporting individuals to build skills and income.

For UNDP, this means managing risk is part of who we are and how we work. It is key to our core value proposition – helping countries see challenges from all angles, including what is likely to happen in the future that would affect partners' ability to achieve their goals, and develop solutions with partners that address such issues from a whole-of-society approach and build resilience to navigate risk.

UNDP delivers this value through nationally owned development programmes with a near universal physical presence in programme countries. The recent assessment by the UN Board of Auditors (UNBOA) in July 2024 reaffirms UNDP's pivotal role as the operational backbone of the UN system. Programming is funded through earmarked contributions (89 percent of total contributions) and core contributions (11 percent of total contributions in 2023). Flexible and strategic resources help cover institutional costs - underpinning UNDP's operational capacity, delivery network and universal presence as well as enabling the organization to strategically and quickly invest in interventions that target those furthest left behind and to respond to crisis or fragile situations in a timely manner.

In light of the importance of effective risk management to deliver development impact, UNDP's Executive Board at the 2024 Annual Session requested UNDP to provide 1/ an update on the continuous work to improve the system of enterprise risk management and to 2/ inform the board of critical risks of strategic importance. This document captures the key measures taken by UNDP, in line with the ambition of its Strategic Plan of a more proactive, dynamic approach to risk management embedded in UNDP's culture and business model. It also outlines the critical risks of strategic importance for the organization and highlights key treatment measures for these risks.

II. Strengthening UNDP ERM

UNDP adheres to ISO 31000:2018¹ on risk management. This includes adhering to the definition of risk as “the effect of uncertainty on objectives”. Uncertainty is anything that can happen in the future, and can be negative (i.e., threats) or positive (i.e., opportunities). It is important to identify what risks are likely to happen that would have a significant impact on UNDP's ability to achieve its objectives, such as the successful delivery of the Strategic Plan, or country programme results.

¹ The ISO 31000 Risk Management framework, developed by the International Organization for Standardization (ISO) is an international standard that provides organizations with guidelines and principles for risk management.

An Enterprise Risk Management (ERM) policy underpins UNDP’s risk management framework. UNDP’s ERM architecture includes the management of risks at four levels: 1) project/portfolio, 2) programme/Country Programme Document (CPD) and unit; 3) bureau, including regional; and 4) corporate. At all levels, a risk owner is defined along with a forum to identify risks and discuss risk treatment(s). UNDP has risk identification tools for each level and dedicated corporate systems to register and monitor risks at all levels. UNDP’s risk architecture is summarized in Figure 1 below.

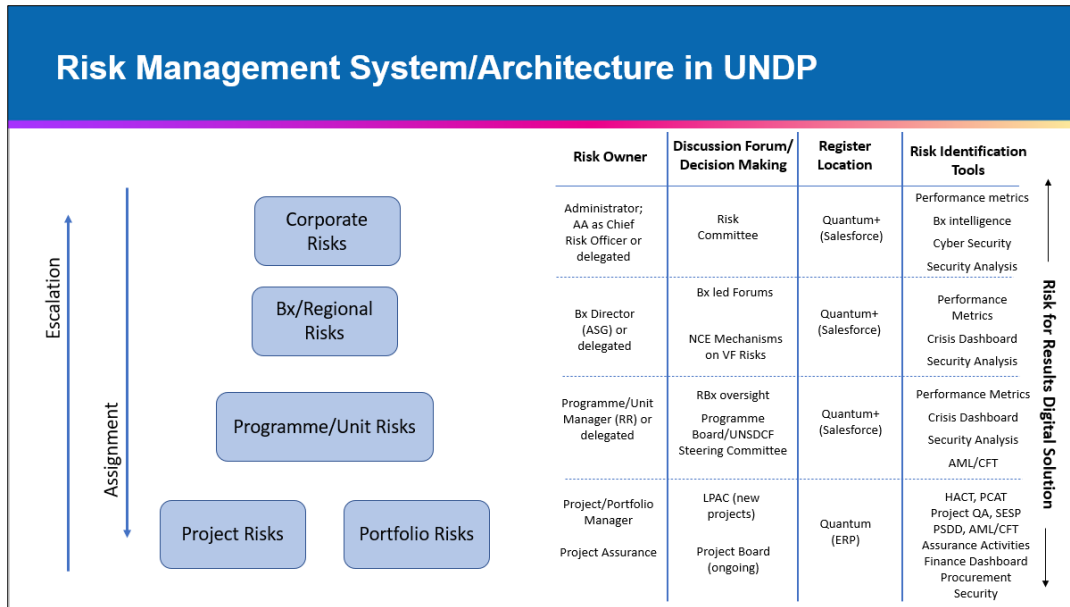


Figure 1: Risk Management Architecture in UNDP

UNDP’s risk management maturity is firmly in the *Established* category of the Reference Maturity Model (RMM) endorsed by the High-Level Committee on Management (HLCM), with some dimensions rated as *Advanced*. Also, UNDP adheres to all nine JIU benchmarks for ERM.

In response to, and building on, the recommendations from UNBOA’s audit on Enterprise Risk Management as well as review of UNDP’s Risk management systems, key elements of improvements to UNDP’s ERM system over the past years include:

ERM Framework and Policy

- Update of ERM policy, to replace three lines of defense with Three Lines Model². The Three Lines Model is more focused on principles and adding value through managing risk. According to the Institute of Internal Auditors, the Three Lines Model helps organizations identify structures and processes that best assist the achievement of objectives and facilitate strong governance and risk management. The ERM policy update also articulates revised escalation criteria and the Executive Board’s role as the governing body as part of UNDP’s oversight/accountability system.

Governance and Organizational Structure

² In the previous model, the three lines of defense were represented by management control as the first line, risk and control monitoring as the second, and independent assurance through the internal audit function as the third.

The new model is designed to better identify roles and responsibilities and enhance interactions between management, internal audit, and those charged with governance to achieve more effective alignment, collaboration, accountability, and objectives.

- Revised UNDP’s Risk Committee’s terms of reference to clarify its function in identifying and treating corporate risks of strategic importance. This also led to the move of the Risk Committee Secretariat to the Executive Office, to be closer to the Associate Administrator/Chief Risk Officer.

Process and Integration

- Maturity of the corporate Risk Committee to focus on identifying critical risks of strategic importance that span across Bureaus and can affect UNDP’s ability to achieve its Strategic Plan. This is achieved by asking technical experts to proactively present evidence and analysis on how key risks will likely impact the organization and recommendations on how to treat those risks by taking a whole-of-organization approach. Focuses not just on threats, but also the need to seize important opportunities. Changes were made learning from audit recommendations as well as a risk committee review commissioned by the Executive Office.
- To strengthen organizational resilience, the Business Continuity Management (BCM) policy was updated to ensure that UNDP continues to maintain critical functions while safeguarding UNDP personnel, assets and premises during disruptions. In addition, several trainings were conducted across regions to enhance business continuity planning awareness, knowledge and capacities across offices.

Systems and Tools

- To foster adaptive risk-informed management, UNDP enhanced the “Integrated Risk Module for Results Management”, which is poised to improve policy coherence across Country, Regional and HQ offices, and provide more granular and frequent data on threats and opportunities. Tools used to help identify risk, including the Social and Environmental Screening Procedure (SESP), Project Quality Assurance (PQA), Private Sector Due Diligence (PSDD) and the Partner Capacity Assessment Tool (PCAT) have been digitized in the Quantum+ Risk Tools module, and to be integrated into Quantum’s (UNDP’s Enterprise Resource Planning software) risk management module, to ensure identified risks automatically migrate to respective project/portfolio risk registers. Improved application of the Harmonized Approach to Cash Transfers (HACT) continues to help mitigate financial risks in projects.
- Launched the project risk dashboard (see Figure 2 below) to assist all offices in reviewing, updating and monitoring risks. Alongside the programme risk dashboard, which was launched in 2022, this provides a comprehensive overview of identified risks across UNDP, enabling senior management and risk owners to effectively analyse, report, manage and monitor risks. These dashboards support risk informed decision making across the organization.

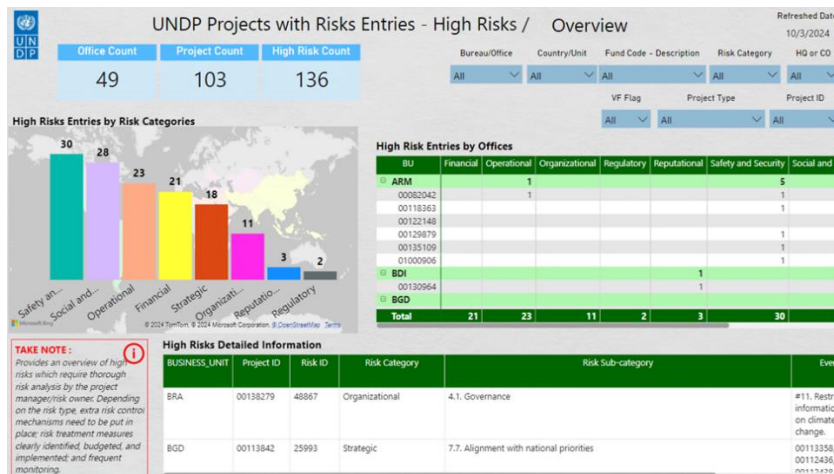


Figure 2: UNDP’s Project Risk Dashboard

Risk Capabilities

- Held Resident Representative Leadership Labs on moving from risk-aversion to risk-informed decision making, furthering the vision of our strategic plan. This includes labs on “Navigating the Politics of Development” to strengthen the organization’s capacity to work in politically complex contexts through the lens of risk-informed decision making in crisis settings. To date a total of 66 leaders have participated in these labs, with senior Deputy Resident Representatives included alongside RRs from 2023 onwards. More specifically, participants in the virtual Learning Labs:
 - Gained a better understanding of using high-quality political analysis, coupled with technical advice and data in their CO work.
 - Engaged in peer-to-peer exchange to discuss strategic positioning, partnership management and multi-dimensional risk mitigation to enable adaptive leadership and future proof country programmes.
 - Identified preliminary opportunities to strengthen the relationship between Country Offices and HQ.
 - Highlighted the importance of feeling and being supported by the Regional Offices and HQ to take risk-informed decisions.
- In 2024, a five-part Fraud Awareness and Fraud Risk Management training program was delivered to Resident Representatives, Deputy Resident Representatives, Operations Managers, Programme Managers, Risk Focal Points, Bureau Operation Managers and Advisors across UNDP to complement the mandatory Anti-Fraud training course. The training program was focused on elevating UNDP’s anti-fraud awareness and risk assessment capabilities with the goal of equipping our teams with the knowledge and tools to identify and mitigate fraud risks, thereby protecting the organization’s assets and reputation.

Risk Culture

- Influencing risk culture by setting the tone at the top, using conversations around identifying strategic risks by looking at evidence and analysis in senior management forums to set the tone for how management conversations should be held across the organization. Setting expectations on how performance conversations down the line (with Bureaus, country offices/units, projects) should incorporate data and evidence as well as strategic foresight to identify and treat risks on an ongoing basis.

III. Critical risks of strategic importance

Critical risks of strategic importance are those risks that are likely to affect the organization’s achievement of its strategic objectives, if realized. For UNDP, this means risks that are likely to affect the achievement of our strategic plan, as well as upholding our core values, ensuring the safety and security of our staff and community with whom we are engaging, and delivering results with accountability.

Key critical risks of strategic importance for UNDP include:

- ***Risk: Challenges to deliver on member states expectations, especially in responding to crisis and fragile situations and achieving impact at scale, due to insufficient flexible resources.***

2023 witnessed a three-decade high in the number of conflicts worldwide and the highest number of conflicts since World War II. The world became less peaceful for the 13th time in the last 15 years. Member states expectations are high for UNDP to effectively anticipate and respond to crisis and fragile situations. When partners contribute

resources to UNDP to implement a particular project, those resources can only be used for that project. If a crisis or shock occurs, such as the COVID-19 pandemic, earmarked resources cannot be repurposed and redeployed to support countries to effectively respond. At the same time, member states expect UNDP to be responsive when shocks occur, however the ability of UNDP to respond depends on the availability of flexible resources such as core which enables UNDP to respond promptly, including through TRAC 3 allocation. As core contributions have gone down from \$696 million in 2020 to \$566 million in 2023, the room for UNDP to manoeuvre to be responsive has shrunk. This presents a risk that UNDP will not be able to deliver on Member State expectations to respond effectively, especially in crisis and fragile situations. The ability to deliver impact at scale also requires sufficient flexible resources.

Treatment of this risk involves advocating with funding partners on the importance of core resources, attracting flexible funding through the Funding Windows, and sharpening the organization's offers and advocacy work, including through the revitalized crisis offer. Action to mitigate this risk, however, needs to come from UNDP's funding partners in the form of higher flexible contributions.

- ***Risk: Realization of significant reputational harm that affect the trust of our partners as well as violate our core organizational values, including incidents around fraud and diversion of resources, sexual exploitation & abuse and harassment (SEAH), employee misconduct, non-compliance with regulations, and social and environmental safeguards.***

Partners trust UNDP to deliver with accountability and to uphold our values around human rights, gender equality, environmental sustainability, protection of people from harm and financial safeguards. Any realization of significant risks in this area may impact UNDP's reputation with partners and may undermine their trust.

Treatment of this risk includes dedicated corporate efforts to create policies, procedures and action plans to scan for and monitor such issues across the organization, development of the Social and Environmental Screening Procedure Dashboard, as well as to invest in management capacities and safeguards that can anticipate and effectively manage reputational risks.

- ***Risk: Inability to adapt UNDP's business model quickly enough to meet changing partner expectations and needs***

UNDP operates in a changing world. It is a critical and opportune time for UNDP to safeguard its ongoing relevance with partners and funders amid a time of great change. The external context - Member States' expectations, funding flows and the UN system itself – are all changing. Adaptability is more critical than ever to ensure the organization's continued relevance.

UNDP is treating this risk by reviewing its business model, regularly reflecting on the value UNDP offers its partners, how we are funded and how we are set up and operate to deliver value. This includes analysing UNDP's strengths and weaknesses and identifying key measures to improve organizational effectiveness and efficiency, as a key input to the new strategic plan. UNDP will articulate its unique value proposition in the ongoing process of preparation of the new Strategic Plan and has already started building capabilities for strategic foresight, futures and system thinking to better understand the needs of a changing world and to be future ready. The organization has also adapted its competency framework as part of the people 2030 strategy with critical skills such as innovation, collective intelligence, and systems thinking.

- ***Risk: Escalating frequency and severity of crises and climate disasters, leading to difficulty in maintaining UNDP’s universal presence.***

An increase in the severity and frequency of crises can affect UNDP personnel, premises and/or assets that are vulnerable to threats and hazards. This includes not only political crises, but also climate change and environmental degradation that not only undermine our human and planetary capacity to cope but also make disasters more frequent and more intense. Disasters have multiplied five-fold in the last 50 years, and the trend is accelerating, driven by a growing exposure of people and assets to natural hazards, as well as by climate change and its impacts. This may also impact UNDP’s ability to timely and safely deliver programmes and projects.

Apart from climate change and its effects, UNDP personnel, premises and/or assets are increasingly called to operate in environments where security risks limit the capacity of the UN to stay and deliver, or where security risks are so high that being able to operate within acceptable levels of security risks requires significant allocation of resources. Escalating costs to maintain business continuity in an increasingly challenging environment may undermine UNDP’s ability to maintain universal physical presence and maintain programmes within acceptable levels of safety and security risks.

Managing these risks require ensuring that safety and security risk assessments are conducted and its results are implemented by all offices in addition to regularly updating Business Continuity Planning. Adequate treatment requires sufficient resources for the proactive management of both safety and security matters, including for purposes of business continuity. This includes being able to recognize costs for safety and security in project budgets that are covered by funding sources and acknowledging the higher cost of doing business in these contexts, where lack of resources might be the difference between being able to deliver and failing to maintain universal presence.

- ***Risk: Increasing technological threats—including cyber security breaches and AI-driven misinformation—leading to technological disruption, data breaches of sensitive information, and the spread of false information.***

A significant data breach has the potential to leak sensitive information that can jeopardize the health and safety of those affected. This may also cause disruption to our activities, reputational damage, financial losses, and legal liabilities. Additionally, AI-powered misinformation is considered the world’s biggest short-term threat according to the 2024 WEF Global Risk Report. Over half of AI researchers surveyed expressed "substantial" or "extreme" concern over scenarios involving the spread of false information through AI.

Treatment measures include implementing processes to manage threats, prevent attacks, and address issues promptly (ISO certified and recognized), with active monitoring of cybersecurity workplan implementation, key performance indicators, and progress on risk treatments. Upgrading staff capacities on AI—including effective usage and recognizing risks in digital applications—is also a key component of the treatment strategy.

- ***Risk: Waning interest in multilateralism threatens the UN’s legitimacy and influence, leading to reduced engagement and funding for UNDP, exacerbating competition for limited resources.***

Political shifts in several countries are fuelling skepticism toward multilateral systems, including global trade and cooperation. Geopolitical tensions and the perceived inability of international decision-making bodies to deliver solutions further erode trust. These

dynamics are reshaping foreign policy, leading to reduced global commitments, withdrawal from multilateral engagements, and significant funding cuts to UN entities. UNDP already faces challenges like a shift from core to earmarked funding, prioritization of humanitarian over development aid, and changes in sectoral or agency focus.

To address this risk, there is a need to prioritize demonstrating tangible value and results while maintaining the highest transparency standards to rebuild trust with skeptical member states. Strategic engagement with both traditional and emerging donors must be intensified to stabilize core funding and adapt to shifting priorities. Additionally, tailored political engagement and targeted communication will be developed to address the specific concerns and priorities of decision-makers. UNDP will also strengthen relationships with influencers, NGOs, think tanks, and advocacy groups to shape domestic policy debates and foster broader support for multilateralism.

Corporate risks advised through evaluative evidence by the Independent Evaluation Office (IEO)³:

- ***Risk: Misalignment of Resource Allocation with Global Poverty and Inequalities Demographics***

Evaluative evidence from IEO shows UNDP should address the misalignment of its resource allocation strategy with the evolving global poverty and inequalities landscape, particularly the increasing concentration of poverty in middle-income countries (MICs). Historically, UNDP's core resources and efforts have focused on Least Developed Countries (LDCs), with approximately 30 LDCs receiving the majority of core funding. However, as global demographics shift, more individuals living in poverty now reside in MICs, creating a pressing need for UNDP to consider adapting its resource allocation strategies accordingly. If UNDP continues to prioritize an income-based formula for resource distribution, which overlooks the complexities of poverty in MICs, there is a risk of not addressing the growing needs of a substantial portion of the global poor.

Treatment may include the Executive Board considering altering the Core Programme Allocation Framework from an income-based formula to a more nuanced resource allocation framework that considers inequality and the concentration of poverty in MICs is a key risk treatment recommendation, ensuring that resources are directed where they are most needed.

Corporate risks advised through audit and investigations evidence by the Office of Audit and Investigations (OAI)⁴:

Forward-looking, risk-based audit work, and a robust independent investigations unit, can help UNDP be more efficient, effective, and accountable to the strategic risks below.

- **The decline in flexible resources will have direct operational impact.** One of the critical risks of strategic importance is the reduction in core funding. If this trend continues,

³ UNDP management asked the Independent Evaluation Office (IEO) for its reflection on the biggest risks facing the organization, learning from evaluative evidence, to help inform management decision making. This risk is contributed by IEO.

⁴ UNDP management asked the Office of Audit and Investigations (OAI) for its reflection on the biggest risks facing the organization, learning from audit evidence, to help inform management decision making. These risks are contributed by OAI.

it will negatively impact UNDP's operational effectiveness, agility and ability to meet member state expectations.

- **Alignment of risk appetite and expectations between Board members and UNDP.** Board Members' risk appetites evolve over time, with risk tolerance trending downwards in recent years. Meeting transparency and accountability expectations of Board members can create direct and indirect (opportunity) costs to UNDP. It is important to get the balance right between the costs of accountability and delivery; and a misalignment between risk appetites can cause reputational and operational harm.
- **Increased instability, crises, and fragile situations require different controls.** Another key risk is UNDP's ability to deliver effectively in different situations. Complex crisis situations require a nimbler, risk based operating model. UNDP needs a flexible approach to deliver proportionate levels of control in different contexts.
- **Cybersecurity is a perennial strategic risk that needs ongoing attention.** As technology evolves, so too must UNDP controls and policies. UNDP must continue to emphasize data protection and data quality and assess and address the vulnerabilities of digital platforms used by UNDP.
- **The human harm caused by SEAH is unacceptable and raises significant strategic risks.** Any SEAH event linked to UNDP's work can cause reputational damage, undermine UNDP's mission, and erode donor confidence.
- **UNDP needs to continue to emphasize and address audit findings at the country office level.** Our audit findings in 2024 suggest that attention must be paid to monitoring and oversight of projects and programmes, and to best practices in risk management.

Looking ahead, work underway on UNDP's business model review and Strategic Plan create opportunities to analyse and address these risks.

IV. Looking forward

UNDP will integrate critical strategic risks into the development and implementation of its next Strategic Plan for 2026-29. As part of this process, the organization is conducting an analysis of the development landscape, including future trends and signals of change, and their potential implications. This analysis will encompass future scenarios and the identification of potential threats and opportunities that could impact the organization's strategy.

Risk management for UNDP's strategic objectives will continue to be approached dynamically, reflecting the evolving nature of change and uncertainty. The organization aims to enhance its agility and anticipatory capabilities by embedding strategic foresight as a core organizational competency. This proactive approach will ensure that UNDP continues to remain resilient and adaptable in the face of emerging challenges and opportunities.

United Nations Population Fund (UNFPA)

I. UNFPA context

In line with Executive Board decision 2024/1, UNFPA is committed to enhancing its enterprise risk management (ERM) system and regularly updating the Board on critical risks of strategic importance. This commitment reflects the organization's recognition of the increasingly complex global environment and the need for a robust risk management framework to ensure the achievement of its strategic plan. The 2022-2025 strategic plan focuses on three transformative results: ending the unmet need for family planning; ending preventable maternal deaths; and ending gender-based violence and harmful practices.

UNFPA is dedicated to strengthening its ERM system to effectively anticipate, assess, and mitigate risks, ensuring the organization can achieve its mandate, contribute to the 2030 Agenda for Sustainable Development, and accelerate progress against the International Conference on Population and Development (ICPD) Programme of Action.

II. Strengthening UNFPA ERM

Introduction and overview

Enterprise risk management (ERM) is a central focus of the UNFPA commitment to operational excellence and accountability. It enables the organization to effectively identify, assess, and mitigate risks across all areas of its work. By embedding risk management into its operations, UNFPA aims to proactively address strategic and operational challenges, protecting its mission, reputation, and resources in an increasingly complex global environment.

This document provides the Executive Board with an update on the organization's progress in advancing ERM maturity. Structured around the High-Level Committee on Management (HLCM) Reference Maturity Model and aligned with the Joint Inspection Unit (JIU) benchmarks, this document evaluates six dimensions: (a) ERM framework and policy; (b) governance and organizational structure; (c) process and integration; (4) systems and tools; (d) risk capabilities; and (e) risk culture. These dimensions outline a roadmap toward a mature, integrated risk management approach, setting the foundation for best practices across the United Nations system.

To assess UNFPA's current ERM maturity, a self-assessment was conducted across these six dimensions, evaluating each dimension against five maturity levels—initial, developing, established, advanced, and leading—which reflect the depth and integration of risk management practices within the organization. This self-assessment draws on documented policies, processes, and tools alongside recent ERM initiatives and practices across headquarters, regional, and field offices.

For each dimension, this document presents:

- (a) *Achievements*: Highlights recent advancements in the UNFPA ERM framework and practices.
- (b) *Self-assessment rating and rationale*: Evaluate the current ERM maturity level within each dimension, explaining how well policies, processes, and structures are embedded and functioning.
- (c) *Opportunities for improvement*: Identifies areas where additional resources or focus may enhance ERM effectiveness.
- (d) *Maturity pathways*: This section outlines planned actions to advance the UNFPA ERM maturity and strengthen alignment with HLCM and JIU standards.

This assessment provides a roadmap to enhance the organization’s ERM maturity by summarizing current achievements, identifying challenges, and setting clear priorities for each dimension. This transparent, structured approach helps both internal decision-makers and external stakeholders understand how UNFPA mitigates risks while adapting to emerging needs, ultimately supporting the UNFPA role as a proactive, resilient organization within the United Nations system.

Progress in ERM maturity according to HLCM dimensions and JIU benchmarks

The following sections present a detailed self-assessment of the UNFPA ERM maturity, structured around the six key dimensions of the HLCM Reference Maturity Model and aligned with JIU benchmarks. For each dimension, the self-assessment summarizes UNFPA achievements, the current state, challenges, and the next steps to advance ERM maturity. This structured assessment highlights areas of progress while identifying specific opportunities to enhance UNFPA’s risk management practices across all levels of the organization.

A. ERM framework and policy

Achievements

UNFPA established its ERM Framework in June 2015 as a foundational step toward comprehensive risk management. Following a 2021 assessment by the Office of Audit and Investigation Services (OAIS), the framework was further strengthened in February 2022, with the ERM Policy issued in April 2022. This policy clarified roles and responsibilities and created a unified risk management structure across the organization.

The Integrated Risk Framework (IRF) organizes risks by key categories from a risk appetite perspective—such as external, delivery, operational, reputational, fiduciary, and safeguarding risks. Each category is further classified within IRF components like strategic, programme, processes, projects, ICT, and humanitarian, ensuring integration across organizational elements. This approach enables risk mapping to relevant business units, supporting comprehensive risk identification and mitigation.

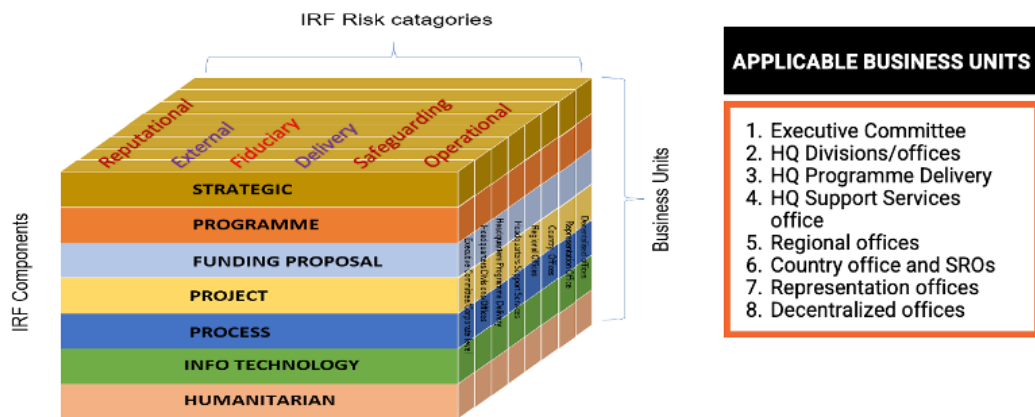


Figure 1: UNFPA’s Integrated Risk Framework

In addition, the Risk Appetite Statement of UNFPA defines the acceptable level of risk in pursuit of its mandate and the 2030 Agenda. This statement aligns risk tolerance with strategic objectives and provides guidance for risk acceptance decisions across all levels, ensuring

consistency in risk-related decision-making and clear communication with external stakeholders, including donors and partners.

Table 1. Risk Appetite level

Risk category	Risk Appetite level
External	High
Delivery	High
Operational	Low
Fiduciary	Low
Reputational	Low
Safeguarding	Zero

Self-Assessment rating and rationale

The UNFPA self-assessment of the ERM framework and policy dimension shows an established maturity level.

The ERM Policy is an umbrella framework integrating policies and procedures that address various risks. Based on the Committee of Sponsoring Organizations ERM model, the framework aligns with HLCM RMM and JIU benchmarks to support best practices. UNFPA has a well-defined ERM framework, and while key elements are in place, complete alignment across units and further operationalization of the risk appetite process are ongoing efforts. The framework includes comprehensive policies and practices supported by tools like the myRisk application, ERM Guidebook, and the Risks and Control catalogue. However, achieving consistent application across all units remains a priority.

Opportunities for improvement

Progress in fully integrating the ERM framework across all units is gradual, as is achieving complete alignment with JIU standards, particularly in harmonizing risk processes across operational levels. Continued efforts are needed to address these integration challenges and ensure cohesive risk practices organization wide.

Maturity Pathways

To further strengthen the ERM Framework and advance towards the advanced maturity level, UNFPA aims to:

- (a) Standardize framework implementation and the operationalization of risk appetite processes across all units.
- (b) Address any remaining policy gaps in the upcoming scheduled revision of the ERM policy to ensure a comprehensive alignment with HLCM and JIU standards, particularly at the operational level.

B. Governance and organizational structure

Achievements

UNFPA employs the “three lines” model, assigning risk management roles across three distinct areas: risk ownership, managerial oversight, and independent assurance. This governance model is further reinforced by the Headquarters Risk Committee (HRC) and Regional Risk Committees (RRCs), which consist of subject matter experts in programmatic, operational, and financial management domains.

UNFPA established the HRC and RRCs per the ERM Policy to support ERM processes, providing structured guidance for the Chief Risk Officer (CRO) and Regional Directors. The HRC, chaired by the CRO, includes headquarters branch chiefs and subject matter experts from technical, operational, and financial management domains, facilitating comprehensive risk assessment and risk response design. Similarly, the RRCs, chaired by Regional Directors, include regional experts with a range of knowledge. Observers, such as the Chief of Internal Audit, Ethics Officer, and Evaluation Officer, may attend RRC meetings as needed.

UNFPA ERM Three Lines Model

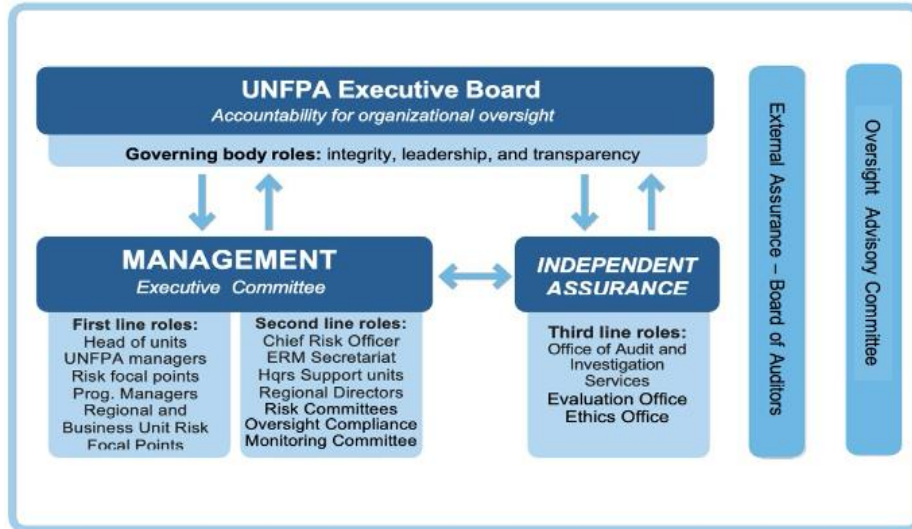


Figure 2: UNFPA ERM Three Lines Model

Each business unit at headquarters, regional, and country office levels has a designated departmental primary and alternate risk focal point to ensure alignment with the ERM Policy. The ERM Policy clearly defines the roles and responsibilities of the Executive Board, Executive Committee, CRO, the ERM Coordinator, risk committees, departmental and risk focal points, ensuring a coordinated and standardized approach to risk management across UNFPA.

Self-Assessment Rating and Rationale

The UNFPA self-assessment of the governance and organizational structure dimension indicates an advanced maturity level.

The UNFPA governance model is well-defined, led by the CRO, and supported by the ERM Coordinator. Each business unit designates a risk focal point to align with the ERM Policy. The HRC and RRCs serve as essential validation mechanisms, advising the CRO and Regional Directors on risk management processes.

The three-line model has been implemented, establishing governance roles across the CRO, ERMS, HRC, and RRCs, with risk focal points at each unit level. This robust governance model supports ERM oversight; accountability for managing risk is distributed across defined roles within the ERM framework. The risk management function operates independently of first-line operations, providing mature oversight capabilities within the organization. The ERM Coordinator coordinates risk functions across organizational levels, with the CRO positioned independently to oversee risk management effectively.

Opportunities for improvement

Ensuring consistent coordination across all committees, regions, and business units remains challenging, particularly when aligning roles with JIU benchmarks. Variations in delegation and governance across areas may also affect the uniformity of risk management practices.

Maturity Pathways

To progress toward the leading level of maturity, UNFPA plans to strengthen the roles and responsibilities of risk committees and enhance inter-regional collaboration.

C. Process and integration

Achievements

The UNFPA ERM is a dynamic process that requires continuous engagement from stakeholders at all levels, ensuring effective management of both existing and emerging risks in a constantly evolving environment. UNFPA adopts a holistic approach to risk management, with the ERM Guidebook detailing each process stage. Figure 3, the ERM Process flow chart, provides an overview of these stages—risk identification, assessment, and validation.

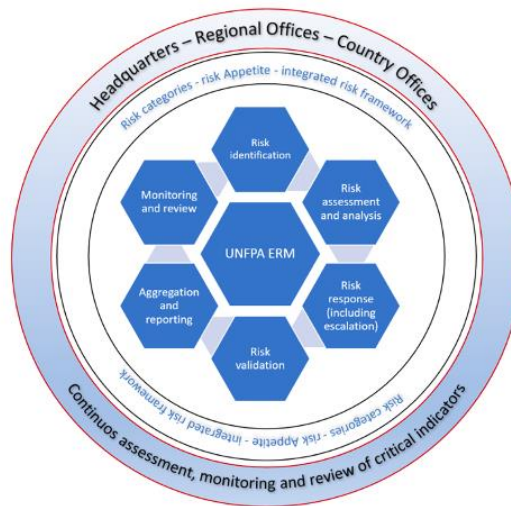


Figure 3: UNFPA ERM Process

Risk identification, assessment, and validation: In alignment with the UNFPA ERM calendar, multiple country offices, regional offices, and headquarters divisions have completed identifying and assessing pertinent risk factors. Using a flexible approach, each unit applies its knowledge and local context to select the most relevant risks from a list developed based on the Integrated Risk Framework (IRF). Following this, business units assess the impact and likelihood of each risk, the effectiveness of controls, and response strategies. RRCs validate risk assessments from country offices, and those from regional and headquarters units are validated by the HRC, ensuring quality control.

Integration with country programme document (CPD) cycle: Country offices are required to conduct risk assessments at least once per CPD cycle, with additional assessments as needed, ensuring alignment with strategic and operational planning. Furthermore, ERM integrates other risk management initiatives, such as the SHIELD protocol for reputational risks and due diligence for implementing partners, further embedding risk management across UNFPA’s operational processes.

Self-assessment rating and rationale

The UNFPA self-assessment of the process and integration dimension indicates a maturity level of *established*.

The ERM Guidebook provides a standardized process for risk identification, assessment, and validation, which is updated according to the ERM calendar. This approach ensures flexibility and local ownership as each unit applies risk factors relevant to its operational context. UNFPA uses the myRisk application and the ERM Guidebook for structured and standardized processes. Integration with internal control is evident, as some links between risk assessments and internal controls exist. Regarding the integration with planning, risk assessments are embedded in the CPD cycle, aligning with operational activities.

Opportunities for improvement

While risk assessment tools are widely available, consistent engagement and application across all levels remain ongoing areas for improvement. To achieve standardized organization-wide practices and full strategic alignment, priorities include ensuring consistency in the timing and thoroughness of risk assessments across regions, embedding ERM processes into strategic planning, and further aligning with internal controls.

Mature pathways

To progress towards the *advanced* maturity level, UNFPA aims to:

- (a) Strengthen the integration of risk assessments with internal controls, ensuring consistent application across regions.
- (b) Standardize connections between ERM processes and strategic planning to embed ERM further into everyday decision-making.

D. Systems and tools

Achievements

The UNFPA myRisk application, a strategic information system (SIS) module, enables standardized, streamlined risk assessments and responses across offices. This platform allows each office to assess and respond to risks systematically, allowing customization of risk factors based on the unique needs of each business unit. The myRisk application guides business units in identifying root causes, assessing potential impact, reviewing and evaluating existing controls, and determining appropriate risk response designs. Each unit is responsible for justifying its assessment, including impact, likelihood, and chosen risk response, which fosters accountability and thorough risk documentation.

To complement this process, UNFPA utilizes Power Business Intelligence dashboards for enhanced reporting, providing leadership with visual insights into risks and mitigation progress. This combination of tools supports structured assessments and improves transparency in risk monitoring.

Self-assessment rating and rationale

The UNFPA self-assessment of the systems and tools dimension indicates a maturity level of *developing to established*.

The myRisk application facilitates structured and comprehensive risk assessments, allowing units to identify root causes, assess impact, evaluate controls effectiveness, and provide justifications and documentation for selected responses, complemented by Power BI dashboards for visual reporting. While the tools are operational and provide valuable support, additional integration with other controls will improve overall functionality and efficiency. Efforts are being made to port the myRisk application to Quantum+ to enable full integration. The ERM Guidebook and the Risk and Control Catalogue also offer guidelines for mitigating specific risk types, enhancing risk assessment accuracy.

Opportunities for improvement

Progress is visible, but more automation and connectivity are needed to link ERM tools across the organization fully. To this end, there are ongoing efforts to integrate myRisk more effectively with other systems, including Quantum+. Achieving full integration would improve data connectivity and reporting capabilities, enhancing UNFPA ability to comprehensively monitor and respond to risks.

Mature pathways

To reach an *established* maturity level, UNFPA plans to:

- (a) Complete integration of myRisk with Quantum+.
- (b) Develop automated links with other systems to streamline data sharing, enhance reporting, and ensure alignment with HLCM and JIU recommendations for system connectivity.

E. Risk capabilities**Achievements**

Since 2023, UNFPA has significantly expanded its ERM capacity-building initiatives, conducting seven in-person ERM workshops across six regional offices and headquarters, reaching over 340 staff members. These workshops have strengthened ERM competencies among staff and provided practical training on the myRisk application and broader risk management processes. These workshops included interactive presentations, group activities, and knowledge checks, with post-workshop surveys indicating increased confidence among participants in conducting risk assessments and understanding the ERM process.

To support continuous learning, UNFPA has developed a range of learning resources:

- (a) *ERM Guidebook*: This comprehensive resource provides detailed guidance on implementing the ERM framework, navigating the myRisk application, and performing risk identification, assessment, and response.
- (b) *Tutorial Videos*: Multiple tutorial videos, integrated into the ERM Guidebook, offer step-by-step instructions on key risk management tasks, allowing staff to learn ERM processes efficiently.
- (c) *Risk and Control Catalogue*: This catalogue provides business units with a comprehensive list of risks and corresponding control measures, aiding staff in identifying relevant risks specific to their operational contexts.

Together, these resources enhance ERM knowledge and provide ongoing support to staff at all levels, fostering a consistent and standardized approach to risk management within UNFPA.

Self-assessment rating and rationale

The self-assessment for the risk capabilities dimension indicates an established *maturity* level.

UNFPA has made considerable progress in building ERM competencies and capacity across regions. UNFPA provides extensive ERM training resources and substantial coverage of in-person workshops, enabling UNFPA to demonstrate effective capacity in risk management. Risk reporting is systematic and accessible for management review, although dynamic, real-time reporting is still in development.

Opportunities for improvement

Optimizing the risk assessment capacity across all levels may require further resources and continued skill-building. Additionally, improvements in reporting functionality are needed to support dynamic, real-time risk insights across the organization.

Mature pathways

To advance towards an *advanced* maturity level, UNFPA will:

- (a) Expand the reach of ERM training to ensure broader coverage and deepen risk competencies organization wide.
- (b) Invest in additional efforts to strengthen a culture of risk management.
- (c) Enhance reporting functionalities to enable dynamic, real-time insights and linkage with Quantum ERP for further proactive monitoring of key risk indicators.

F. Risk Culture**Achievements**

UNFPA continues to foster a proactive risk culture led by the Executive Director and senior management, who actively promote risk awareness through consistent communication and visible leadership on this issue. By reinforcing the importance of risk management as integral to UNFPA's mission, the Executive Director sets the tone for a risk-conscious culture across the organization. The CRO and ERM Coordinator in the Office of the Executive Director and the UNFPA Comptroller support this leadership by addressing fiduciary risks.

Senior management participates directly in ERM training workshops, risk committee meetings, and strategic discussions, emphasizing that risk management is a core responsibility of every staff member, not merely a compliance activity. This commitment is increasingly mirrored at all levels through the organization-wide risk assessment process, which is becoming a vital platform for enhancing the risk culture. Regular meetings of the Regional Risk Committees (RRC) and Headquarters Risk Committee (HRC) foster an environment for open risk discussions and encourage an integrated approach to risk management across all business units.

UNFPA dedication to risk culture extends to inter-agency collaboration through the participation of the ERM Coordinator in the HLCM Risk Forum. This allows the agency to adopt a harmonized approach to risk management across the UN system and benefit from best practices shared within the United Nations.

Self-assessment rating and rationale

The UNFPA self-assessment for the risk culture dimension indicates a maturity level of *established*.

UNFPA commitment to a unified approach to risk management is demonstrated through its protocols and strategic decision-making processes embedded at multiple levels. Senior management, led by the Executive Director, actively promotes a risk-aware culture. Risk information is systematically shared, and mechanisms are in place to capture lessons from past risk events. Risk-based decision-making is evident, supported by defined roles and responsibilities reinforcing accountability. This progress is evident in the Headquarter Risk Committee, where members consistently bring a high level of insight and engagement to discussions, demonstrating a shift towards a genuinely risk-aware culture.

Opportunities for improvement

Sustaining a risk-conscious culture organization-wide remains a priority and is ongoing work. Consistent top-down communication may need reinforcement. A more systematic approach is required to strengthen the mechanisms to capture lessons. To further enhance organization-wide risk awareness, broadening risk-based decision-making, consistently applying accountability roles, expanding transparency, and more uniformly capturing insights are necessary.

Mature pathways

To reach an *advanced* maturity level, UNFPA will:

- (a) Further embed risk-informed decision-making across all levels of the organization to encourage consistent application.
- (b) Continue reinforcing the risk culture through leadership engagement, ongoing training, and participation in cross-agency risk initiatives.

G. Conclusion

UNFPA has made significant strides in advancing enterprise risk management (ERM) maturity, aligning its practices with the High-Level Committee on Management (HLCM) Maturity Model and the Joint Inspection Unit (JIU) benchmarks. Key achievements include a well-established ERM framework and policy, strong governance structures following the three-line model, and enhanced capacity-building through in-person workshops, learning resources, and standardized tools like the myRisk application and Power BI dashboards. Leadership, led by the Executive Director, has fostered a proactive risk culture that is now evident in higher levels of staff engagement in risk discussions and consistent risk references in a range of decision-making forums, reinforcing that risk management is integral to the UNFPA mission. This commitment is complemented by consistent training, interagency collaboration, and integration of risk assessments with strategic planning cycles. While these advances demonstrate the organization's structured approach, continued efforts are needed to harmonize processes, expand system integration, and build and sustain a risk-conscious culture across all regions and levels. With a focus on ongoing improvement, UNFPA remains dedicated to building resilience and adaptability in its risk management, ensuring that ERM practices are robust and responsive to the organization's evolving needs in a complex global landscape.

III. Critical risks of strategic importance

UNFPA defines a critical risk of strategic importance as any risk that significantly hinders the organization's ability to achieve its core goals (the three transformative results), damages the trust of key stakeholders (donors, governments, and partners), or exposes UNFPA to severe harm, whether financial, operational, or reputational.

Critical risks of strategic importance have been identified based on analysing global megatrends and their potential impacts on UNFPA. UNFPA is committed to proactively addressing these risks through a comprehensive risk management framework, continuous monitoring, and adaptive strategies. The following introduces these critical risks of strategic importance and highlights key mitigation mechanisms UNFPA is implementing.

It is important to stress that identifying these risks does not mean UNFPA necessarily expects these risks to materialize, but rather that there are risks that UNFPA is actively mitigating, given their potential impact on the organization.

A. Funding constraints and sustainability

UNFPA, like many United Nations agencies which are voluntarily funded, faces potential risks to its funding. These stem from potential declines in and increasing restrictions and conditioning of donor funding or shifts in aid priorities, economic downturns affecting government contributions and domestic resource allocation, and increased competition for resources from other development and humanitarian actors. A worsening funding position would directly impact UNFPA's ability to maintain effective operations and efficiently deliver programmes.

UNFPA mitigation mechanisms

To ensure financial sustainability, UNFPA both reinforces resources mobilization with existing donors and diversifies funding sources by expanding partnerships with international financial institutions, the private sector, and non-traditional donors. Additionally, UNFPA is strengthening domestic resource mobilization efforts by advocating for increased government investment in sexual and reproductive health and rights. Internally, UNFPA is improving efficiency and cost-effectiveness through process optimization, technology adoption, and strategic resource allocation. Furthermore, UNFPA is developing innovative financing mechanisms to leverage additional resources and ensure the continuous flow of funding for its programmes. As part of the UN development system, UNFPA advocates for more flexible and less restrictive earmarked funding.

B. Reputational risks

As is the case with all publicly funded institutions, UNFPA faces potential reputational (including cybersecurity) risks that could erode public trust, strain stakeholder relationships, and impact funding and partnerships. Reputational risks stem from potential adverse publicity regarding programme effectiveness, financial management, or safeguarding conduct. The organization is also vulnerable to political pushback, misinformation, and disinformation campaigns targeting UNFPA leadership or its programmes.

Additionally, cybersecurity threats and data privacy breaches present an ongoing risk to the reputation and operational continuity of UNFPA. Unauthorized access, data breaches, and other cyber incidents could compromise the security of confidential information, endangering the privacy of staff and beneficiaries and disrupting UNFPA operations. These risks are compounded by the need to adopt and adapt to emerging technologies, which, if not managed properly, could impact programme delivery.

UNFPA mitigation mechanisms

To manage these reputational and cybersecurity risks, UNFPA is implementing the SHIELD initiative, a comprehensive reputation management framework. This involves equipping staff to identify risks proactively, monitoring media and stakeholder sentiment, responding swiftly to crises, and rebuilding trust post-crisis. In addition to SHIELD, UNFPA is strengthening safeguarding measures and promoting a culture of accountability, a strong speak-up culture, and transparency through proactive media outreach and strategic communication to counter misinformation and build public trust. On cybersecurity, UNFPA has enhanced data encryption, access controls, and intrusion detection to prevent unauthorized access and breaches. UNFPA has established a personal data breach guideline to protect its reputation and minimize harm to individuals in case of a data breach. This guideline outlines procedures for mitigating the impact of data breaches and provides guidance on notifying affected parties. UNFPA also ensures compliance with privacy regulations and provides regular staff training on data protection and security awareness. UNFPA also integrates technologies that enhance programme delivery while managing ethical concerns and addressing the digital divide to ensure inclusive technology access. Together, these measures help UNFPA protect its reputation, ensure security, and uphold trust with beneficiaries and stakeholders.

C. Escalation of conflicts, humanitarian crises, and climate-related disasters

UNFPA beneficiaries and programme countries face heightened risks due to the increased frequency and severity of armed conflicts, extreme weather events, and natural disasters. These crises disrupt supply chains, create access challenges, particularly in conflict zones, and compromise the safety of UNFPA staff and beneficiaries. These events can also exacerbate existing inequalities and vulnerabilities, particularly for women and girls, and disrupt health systems and access to essential services.

UNFPA mitigation mechanisms

UNFPA is enhancing its humanitarian response capacity through several strategic actions. The organization invests in staff capacity building, prepositioning critical supplies, and developing contingency plans to strengthen emergency readiness. By collaborating closely with humanitarian partners, UNFPA aims to improve response effectiveness and ensure coordinated assistance. In addition, UNFPA is working to ensure that its humanitarian and development interventions are well coordinated across the nexus. Additionally, UNFPA actively advocates for the promotion of sexual and reproductive health services in conflict zones and crisis-affected areas, ensuring these essential services remain prioritized. UNFPA is better equipped to respond to complex humanitarian challenges through these efforts, reinforcing its resilience and capacity to support vulnerable populations amid escalating global risks. The organization promotes climate-resilient health systems and infrastructure to ensure continued access to essential services in climate-affected areas. UNFPA is also supporting community-level preparedness and resilience-building initiatives to protect the health and rights of women and girls in climate-vulnerable communities.

D. Pushback against rights and choices

UNFPA faces risks related to policy shifts, which could hinder its ability to fulfil its mandate in sexual and reproductive health and rights. Such pushback can disrupt programme implementation, reduce advocacy impact, and lead to funding cuts or operational challenges.

UNFPA mitigation mechanisms

To address these risks, UNFPA is strengthening its normative role and advocacy efforts to safeguard sexual and reproductive health and rights. By building strong partnerships with a diverse range of governments, civil society, youth-led groups, and other advocates, UNFPA seeks to mobilize support for its work. Through evidence-based policy dialogue and technical assistance to governments, the organization promotes supportive legal and policy frameworks that protect rights even amid changing political landscapes. Simultaneously, UNFPA is enhancing its foresight and horizon-scanning capacity to better anticipate global trends and shift priorities. This proactive approach allows UNFPA to adapt and innovate in programme design, ensuring its interventions remain responsive to the needs of the communities it serves. Regular consultations with stakeholders and beneficiaries will help UNFPA stay aligned with these needs, preserving its relevance and influence in an evolving landscape. These mitigation efforts reinforce UNFPA's adaptability, resilience, and commitment to its mission.

IV. Looking forward

To navigate an evolving global landscape and future-proof its operations, UNFPA is committed to advancing its ERM capabilities and integrating risk considerations into its next strategic plan (2026–2029). This proactive approach thoroughly analyses future trends, threats, and opportunities that could shape the organization's strategy. By identifying and assessing these risks early, UNFPA aims to ensure its interventions remain relevant, effective, and aligned with its mandate in a dynamic global environment. To this end, UNFPA has been informed by the upcoming United Nations Global Risk Report and has implemented United Nations 2.0.

Key focus areas include:

- *Enhancing foresight and horizon scanning:* UNFPA will strengthen its ability to anticipate and analyse emerging trends and potential disruptions. This will involve leveraging data analytics, scenario planning, and expert consultations to proactively identify and assess future risks.
- *Embedding risk management in strategic planning:* Risk considerations will be integrated into developing and implementing the next Strategic Plan to ensure that strategic

objectives align with the organization's risk appetite. Risk mitigation measures will be embedded in programme design and implementation.

- *Promoting a risk-aware culture:* UNFPA will continue to foster a risk-aware culture organization-wide, encouraging staff at all levels to identify, assess, and manage risks within their areas of work. Training and guidance on risk management best practices will support open communication and collaboration.
- *Strengthening partnerships and knowledge sharing:* UNFPA will collaborate with partners and stakeholders to share knowledge, best practices, and lessons learned in risk management. This will enable UNFPA to leverage collective expertise and enhance its capacity to address shared challenges.

UNFPA commitment to continually improving its ERM capabilities and embedding risk considerations into strategic planning will enhance its resilience and adaptability in the face of future uncertainties. By embedding strategic foresight as a core organizational competency, UNFPA aims to proactively navigate a complex and dynamic global environment, ensuring its mission's ongoing relevance and impact to advance sexual and reproductive health and rights for all. This forward-looking approach to risk management will enable UNFPA to anticipate and respond effectively to emerging challenges and opportunities, fostering agility and resilience in a constantly evolving world.

United Nations Office of Project Services (UNOPS)

I. UNOPS context

Operational environment

UNOPS mandate is to expand its partners' peace and security, humanitarian and development efforts through support services, technical advice and integrated solutions in five areas: infrastructure, procurement, project management, human resources and financial management. UNOPS partners with the United Nations system, governments of programme and donor countries, intergovernmental institutions, international and regional financing institutions, foundations, the private sector, and non-governmental organizations to meet both global goals and local objectives. It thus supports implementation capacity in multiple domains such as climate change, education, energy, food, health and peacekeeping. This results in a complex portfolio of about 1,100 projects for some 180 partners in over 80 countries, which span from building roads and clearing landmines to training nurses and procuring medicines.

Regarding UNOPS delivery, nearly two thirds of the portfolio is delivered in fragile and special contexts with high uncertainty. In these cases, there is an elevated risk of harm to the organization's personnel, assets, operations and reputation, and it is harder to control project outcomes. At the same time, procurement and infrastructure are the largest UNOPS service lines – 35% and 21% respectively – activities which are vulnerable to malfeasance. For more information on the composition of the UNOPS project portfolio see "Portfolio Risk Assessment in response to KPMG recommendations issued in 2022".

As for its business model, UNOPS is non-programmatic, demand-driven and self-financing. The organization relies on fees for its services, which are governed by both a net zero revenue objective and a full cost recovery model. That model increases UNOPS sensitivity to external factors and reduces the organization's margin to adapt accordingly.

UNOPS has adopted a contextual, dynamic and principles-based approach to risk, supported by internal controls with dedicated functions and evidence-based protocols, that enables the organization to deliver on its mandate without stifling its capacity to operate in high-risk settings. This note highlights UNOPS work on strengthening its ERM framework to respond to global and operational factors and identifies critical risks under the same lens. Notwithstanding its distinctive risk profile, UNOPS recognizes that as a central resource of the United Nations it shares challenges, benchmarks, principles and objectives with other organizations, as well as common risks and responses.

As part of this effort and at the request of the Executive Board, in August 2022 UNOPS commissioned two independent reviews to identify institutional vulnerabilities and assess governance, risk management and control systems. Those reviews yielded 43 recommendations directed to UNOPS management. In response, UNOPS developed a comprehensive response plan ("COREP") with 82 actions to address these recommendations and further strengthen its Enterprise Risk Management ("ERM") beyond COREP. Thirty-six of the 48 recommendations have been completed, two are not operationalized and one has been assigned to the United Nations Office for Legal Affairs. Of the remaining recommendations, three are in progress and one will continue until 2027. In its decision 2024/4, the Executive Board required that a third-party review of the recommendations closed by the end of 2024 shall be conducted in early 2025 to assess the progress and impact of the plan.

II. Strengthening UNOPS ERM

The UNOPS ERM framework has evolved to more effectively address its inherently complex mandate, operating model and delivery context. As a project-based organization, UNOPS seeks to identify, assess and manage risks considering varying operational challenges, and mapping different alternatives to improve decision-making throughout the organization. The UNOPS approach to ERM emphasizes integration between strategic and operational objectives to ensure that the effects of risk management activities performed at the corporate level carry through to geographical entities, portfolios and projects – such as responses to the critical risks of strategic importance highlighted in the following section – while preserving operational agility.

The UNOPS ERM framework has been informally assessed against the High-Level Committee on Management (HLCM) reference maturity model for risk management and the Joint Inspection Unit report (JIU/REP/2020/5) of 10 updated ERM benchmarks (nine of which are within the scope of UNOPS). The High-Level Committee on Management maturity model provides a framework for assessing risk management maturity across multiple dimensions, while the Joint Inspection Unit benchmarks offer a detailed assessment of the effectiveness of risk management practices. UNOPS has made substantive progress in improving its enterprise risk management by aligning internal practices with those standards.

In parallel, the COREP has addressed the KPMG recommendations on risk management to continue strengthening the UNOPS ERM framework. These and other measures have further embedded risk management as a core activity for personnel at all levels and have helped UNOPS advance towards greater maturity in ERM.

Below are some of the foundational elements of UNOPS enterprise risk management, mapped against JIU benchmarks 1-9:

Benchmark 1 - Adoption of a systematic and organization-wide risk management policy and/or framework linked to the organization's strategic plan

- Enterprise risk management is integral to UNOPS strategic planning, annual budgeting, and quarterly management review processes.
- The framework is founded on two key risk management legislative instruments that define risk governance and oversight: the risk management operational directive (OD.FG.2018.03) and the associated operational instruction (OI.FG.2022.02).
- Risk management principles are embedded into the UNOPS legislative framework and relevant policies, including its financial regulations and rules, project management manual and acceptance of engagement agreements.

Benchmark 2 - Functional risk governance with risk management responsibilities is well reflected in role descriptions and delegation of authority for empowerment and accountability

- Multiple layers of oversight and assurance seek to ensure risks are continuously managed and effectively addressed at each stage of the project's lifespan and across the UNOPS project portfolio (for more information see "Portfolio Risk Assessment in response to KPMG recommendations issued in 2022");
- The Risk and Compliance Group has been created to strengthen and centralize key second line of defense mechanisms and functions. The Group provides oversight and advisory support to enable effective risk management and adherence to laws, regulations and internal policies across all levels of the organization. Its mandate includes developing policies, tools and systems in relation to the following functions: risk management, due diligence, compliance, internal controls, privacy and information security, contracts and property review, and bid protests.

- The Chief Risk Officer role reports directly to senior leadership through the Risk and Compliance Group, and the role has been elevated to participate in strategic initiatives such as project, programme and portfolio management, process innovation and digitalization and the quarterly management reviews.
- The Executive Office structure segregates roles and responsibilities between UNOPS Deputy Executive Directors for policy management and portfolio delivery.

Benchmark 3 - Risk culture is fostered by a 'tone at the top', with full commitment from all organizational levels. Risks are effectively escalated to inform decisions and address root causes

- A newly defined 'reshaping UNOPS organizational culture' workplan and integrated people strategy is informing the cultural transformation journey and promoting an open and transparent risk culture that encourages proactive reporting and cross-functional collaboration.
- The delegation of authority framework and escalation mechanisms aim to ensure that authority for decision-making is assigned at the appropriate organizational level to effectively manage residual exposure and promote accountability.
- Geographical entities (country offices, multi-country offices and regional offices) assure portfolio delivery within defined authority limits, following centralized rules and governance mechanisms. These entities are supported by multiple layers of review and oversight from corporate policy functions. Additionally, at the Executive Office level – the highest delegated authority – the Engagement Acceptance Committee independently oversees decisions for engagements with potential organization-wide impacts.

Benchmark 4 - Legislative/governing body engaged with enterprise risk management at the appropriate levels

- Risk management is a central leadership commitment, a recurring agenda item in Executive Board sessions – including for the first regular session in January 2025 – and a critical element in the COREP to address the associated independent reviews of risk management and KPMG recommendations.
- Revised terms of reference for the Audit Advisory Committee and ongoing coordination with its representatives have strengthened its ability to act independently when advising the Executive Board and the Executive Director on the functioning of oversight arrangements.

Benchmark 5 - Integration of risk management with key business processes

- Risk management has been integrated into strategic planning through the mid-term-review of the UNOPS strategic plan, 2022 – 2025, and ongoing strategy dialogue for the 2026-2029 strategy cycle.
- Risks are articulated in UNOPS annual budgeting, target-setting and financial target deviation estimates for all submitting units.
- A new approach to quarterly management reviews has been introduced to identify trends of concern in key management indicators, internal processes and engagements, further enabling UNOPS leadership to engage in risk-informed discussions.

Benchmarks 6 and 7 - Established systematic, coherent and dynamic risk management processes effectively embedded into information technology systems and tools for ERM

- Enterprise risk management is an inherent and foundational element in the UNOPS project management system (oneUNOPS projects) and processes;
- Periodic risk dialogue at the management level through quarterly management reviews has provided a proactive mechanism for risk monitoring and attention. Furthermore, several risk management tools are available for UNOPS personnel to leverage – including online training and a risks, issues and lessons library – and efforts are ongoing to enhance data-driven risk management and improve response times across UNOPS.

- In response to a more complex and sophisticated digital landscape, UNOPS concluded staffing the new cyber security function in September 2024.

Benchmark 8 - Communication and training plans to create risk awareness, promote risk policy and establish risk capabilities for the implementation of ERM

- Continue to provide training on decision quality and risk management through long-term agreements with global partners.
- Risk management skill-set requirements for mission critical and other key roles have been identified.
- E-learning on enterprise risk management and infrastructure risk management is available to all UNOPS personnel.
- Strategic foresight series designed to develop the ability of UNOPS to anticipate and manage future risks and opportunities.
- Cybersecurity awareness and training to inform and educate personnel on cyber threats and best practices to drive lasting behavioural change and ensure that personnel give due consideration to cyber security in all daily activities.

Benchmark 9 - Periodic and structured review of effectiveness of enterprise risk management implementation for continuous improvement.

- See section IV, “Looking forward”.

In addition to aligning with these benchmarks, UNOPS actively participates in the UN-system wide Risk Management Forum established by the High-Level Committee on Management to inform its continuous enhancement of the organization’s ERM framework, ensure that its assessment of risks and corresponding approach to mitigation takes into account the broader UN-system’s risk environment, and seek harmonization of its risk management practices when applicable.

III. Critical risks of strategic importance

Global trends with the potential to affect UNOPS capability to achieve its strategic objectives

UNOPS takes a holistic approach to enterprise risk management that protects its operations – present and future – and enables the organization to fulfil its mandate by looking outwards as well as inwards for potential sources of uncertainty, focusing on present dangers without losing sight of future threats, and developing responses that consider the implications of disruptive global phenomena.

The global outlook has grown increasingly complex. Enduring and emerging global challenges are compounding to further pressure the multilateral system – and the United Nations in particular – to deliver immediate and tangible results for alleviating humanitarian crises, elevating income levels, de-escalating geopolitical tensions, governing technological advancements or mitigating climate change.

In this context, the UNOPS restated Strategic Plan, 2022–2025 reaffirmed the organization’s commitment to three Contribution goals that provide operational focus and reinforce impact ambitions when expanding implementation capacity:

1. Enable partners through cost-effective project services;
2. Help people in need through sustainable implementation; and
3. Support countries in accelerating achievement of the SDGs.

UNOPS has identified the following global trends to closely monitor because of their potential impact on the organization’s ability to effectively materialize its Contribution goals.

- Escalation and emergence of conflicts. According to Uppsala University’s Conflict Data Program, [59 conflicts were recorded](#) in 2023, the highest number since 1946. Geopolitical tensions are making it likelier for conflicts to emerge or escalate rather than decline. This has multiple strategic implications for UNOPS: a higher risk of physical harm to personnel, assets and operations in situations where the presence of UNOPS is most needed; and reputational risk from skepticism about the organization’s role or its involvement in conflicts.
- Fragile economic conditions. Global economic growth is projected to remain at [3.2 per cent](#) and inflation to decline to [4.5 per cent](#) in 2025, but the forecast for long-term growth is at its lowest in decades. Public debt in advanced economies is expected to continue increasing to record levels – COVID-19 stimuli during 2020 excluded. While total official development assistance has been [increasing](#) in recent years, the world is still facing a [\\$4-trillion annual development financing gap](#). Muted economic growth and strained public finances – particularly in advanced economies – may make the gap harder to close. The emergence of new development finance mechanisms makes UNOPS a natural partner in closing the funding-to-implementation gap, potentially also expanding UNOPS presence in middle-income countries, but reduced aid could limit the organizations and its partners’ capacity to respond to a poly-crisis that is threatening the most vulnerable people in the most fragile situations.
- Worsening physical and societal effects of the triple planetary crisis. Natural disasters are occurring more [frequently and severely](#) than expected, resulting in [115 deaths and \\$202 million](#) in losses every day. In 2023, disasters displaced over [26 million people](#) globally. Even if the Paris Agreement’s goals are met, harsher weather conditions will continue for several years, forcing people to leave their homes, destroying livelihoods, degrading and threatening infrastructure, and even sparking conflicts over natural resources. UNOPS may face a dual shock to its implementation capacity: on the demand side, more humanitarian relief work would be required; and on the supply side, on-site operations would be affected from distribution chain interruptions and scarcer and costlier resources.
- Cyber risk and disruption from new technologies. According to the International Monetary Fund (IMF), over the past 20 years malicious cyber incidents have increased rapidly, causing [\\$5 billion in losses](#) every year. Artificial intelligence is yielding considerable productivity gains but has also boosted cyber criminals’ capacity to inflict damage. For organizations with global operations this means growing exposure to phishing, malware, ransomware and other cyber-attacks – especially in low cybersecurity maturity contexts. Disinformation and misinformation are also spreading faster and wider, which can hamper community engagement efforts that are crucial for successful project implementation.

Cyber risk cannot be completely eliminated and will continue to evolve, but it can be managed through continuous investment, strategic planning and effective execution. UNOPS and Member States will need to collaborate in reducing this risk to acceptable levels. Furthermore, artificial intelligence and other emerging technologies such as brain-computer interfaces, quantum computing or weather modification will likely reshape communities and industries. This can create new development challenges and with them opportunities for UNOPS to support its partners in digitally safeguarding communities through the implementation of scalable solutions to securely expand connectivity and digitalization, deliver digital infrastructure or provide cyber training.

UNOPS approach to identifying critical risks

The restated UNOPS Strategic Plan, 2022–2025 also established four Management goals to guide the organization’s operations and fulfil its mandate of expanding implementation capacity.

- I. People culture: We want an inclusive, fair and positive workplace culture where people can contribute, grow and develop.
- II. Partner trust: We want to build trust and create value with partners.
- III. Process excellence: We want to enable cost-effective operations through digital processes.
- IV. Financial stewardship: We want to balance risks and opportunities through adequate resourcing.

Failure to achieve these Management goals constitutes the main point of reference used by UNOPS when scanning for risks to be included in this note (the “strategic importance” component). The second point of reference is to identify those risks that, whether because of a high probability, high impact or both, could significantly undermine UNOPS strategy for achieving its management goals (the “critical” component). These criteria enable efficient risk management by drawing attention to risks that may affect objectives the UNOPS is pursuing within the timeline of the current Strategic Plan, and which may have a systemic impact across the organization.

UNOPS has adopted this risk identification approach to provide the Executive Board with a contextual understanding of key risks and how they could affect the organization’s ability to achieve meaningful outcomes given its distinctive operational environment. This approach is intended to enable the Executive Board to offer valuable and actionable guidance, as well as facilitate a thorough discussion of the adequacy and sustainability of risk responses.

Management goal 1. People culture

Risk A. Shortage of talent. As new development challenges arise, the impact of global risks increasingly affects people in highly vulnerable circumstances (see Global trends section), and partners’ needs change, UNOPS will need to attract, retain and upskill specialized personnel for corporate and delivery functions in such fields as climate action, cyber security, data analytics, health and safety, humanitarian assistance, risk management, supply chain optimization and sustainable engineering. Slow recruitment, talent management challenges and high turnover, however, would affect the implementation capacity of UNOPS and limit the organization’s potential to achieve its mission.

Response: To address its people needs and challenges, UNOPS launched its first Integrated People Strategy (“IPS”) to better align human resources management with the strategic plan, 2022–2025. The strategy integrates policies, processes and systems to ensure that the present and future workforce is able to deliver for the organization. The strategy achieves this by prioritizing a positive workplace culture, developing leaders, driving agility, renewing performance management and acquiring top internal and external talent. In parallel with the IPS, UNOPS has implemented initiatives focused on improving talent retention and accelerating recruitment processes, including a simplified delegation of authority framework and more flexibility on remote work. To drive the IPS forward and ensure that UNOPS has the implementation capacity it needs, the organization’s talent acquisition strategy will be reviewed in 2025, prioritizing timeliness, quality of hires, key skills needs and process efficiency – all of which will be achieved by rethinking the recruitment value chain and the use of digital tools, including a new recruitment platform to be launched in 2025.

Risk B. Proliferation of sexual exploitation and abuse (“SEA”). By 2023, 62% of UNOPS activities were concentrated in countries with fragile and special situations, most of which have a high risk of SEA according to the Inter-Agency Standing Committee’s composite index. This

operating context, coupled with the on-site nature of most UNOPS projects, highlights the importance of controlling SEA risks to ensure that UNOPS and its partners' presence in fragile countries yield only positive and lasting outcomes.

Response: UNOPS introduced a three-year strategy – from 2023 to 2025 – on the prevention of sexual exploitation, abuse and harassment (“PSEAH”), which underscores our commitment to prevention and zero tolerance for inaction. The strategy focuses on strengthening accountability and responsibility among our personnel and external stakeholders, an integrated management of SEA risks, and a victim-centred approach in prevention and response efforts. UNOPS has increased resourcing of PSEAH specialists to support implementation of the strategy and the accompanying global action plan. Key developments in the last year include joining the Misconduct Disclosure Scheme to prevent rehiring of perpetrators from outside the United Nations system; a systematic review of PSEAH integration in projects to ensure a harmonized approach; and renewed focus on improving PSEAH focal point capabilities at the country level. UNOPS has strengthened its inter-agency collaboration, leading various working groups and chairing the first working group on the private sector and PSEAH to leverage the organization's experience with private sector partners to the wider United Nations system. UNOPS is fully compliant with the United Nations Protocol on sexual exploitation and abuse allegations involving implementing partners. Lastly, the evolution of SEA cases is carefully reviewed by the UNOPS management team in the quarterly management reviews.

UNOPS is leveraging its ‘Delivering Responsibility in Vendor Engagement’ programme, known as DRiVE, to address SEA risk among suppliers and contractors. DRiVE is a supplier sustainability programme that seeks to ensure that UNOPS vendors operate responsibly and in accordance with high standards of integrity, as laid out in the United Nations supplier code of conduct. There are no United Nations-wide frameworks for addressing SEA in private-sector partnerships at present, but DRiVE allows UNOPS to assess, identify gaps, and implement corrective actions in supplier policies and practices. UNOPS has developed an application to streamline the verification and corrective action process and is seeking offices to pilot this approach.

Management goal 2. Partner trust

Risk C. Protracted reputational deficit. Significant investments in systems and personnel capacities have been made in a relatively short period. Subsequently, the organization has also made commensurately significant progress in restoring trust and credibility. Yet UNOPS may still face residual risks in engagement development and project funding if outstanding recommendations remain unaddressed for an extended period of time, and if UNOPS is unable to demonstrate that sufficient measures have been implemented to ensure continued credibility beyond COREP. An extended confidence gap would prevent UNOPS from reinvigorating critical partnerships or developing new ones, funnel organizational resources away from delivery enhancement, and prevent UNOPS from realizing its full implementation potential. The organization also has to make efforts to embed accountability capabilities across geographies, functions and levels that enable agility and efficiency in the processes managed, or else the investment could restrict the organization's ability to develop new capacities required to meet new development needs and partner expectations.

Response: UNOPS is in the process of closing the remaining four of the 43 recommendations from COREP, and to provide assurance of their successful implementation, the Internal Audit and Investigations Group will be commissioning a second external third-party review in early 2025. Moreover, UNOPS is implementing ambitious reforms in strategic areas (see Risk D, Transformation challenges) to pursue continuous improvement beyond COREP and ensure the long-term sustainability of UNOPS delivery.

Management goal 3. Process excellence

Risk D. transformation challenges. UNOPS has embarked on an ambitious reform agenda to advance the implementation of its restated Strategic Plan, 2022–2025. The agenda envisions 90 milestones concerning key aspects such as reshaping organizational culture; overhauling whistleblower mechanisms; leveraging evidence, insights and learning; reviewing legislative and financial frameworks; achieving net-zero; project, programme and portfolio management; and process innovation and digitalization – all of which will help UNOPS to build trust with partners, ensure that the organization remains fit for purpose and, ultimately, serve people better. However, the depth, breadth and concurrent nature of the changes may cause some internal torpor and rigidity, which may in certain instances slow UNOPS functionality and delivery.

Response: UNOPS has established a transformation office to ensure alignment between transformation initiatives, manage interdependencies and aggregated risks, and support leadership in making strategic and data-driven decisions. A transformation board was established in early 2024 – comprising the Executive Director, the two Deputy Executive Directors and the Chief of Staff/Chief Transformation Officer – to maintain agile governance of the UNOPS reform agenda and ensure optimal use of resources and stakeholder time. The Transformation Board, supported by the Transformation Office, is responsible for prioritizing, escalating, seeking endorsement, and reporting on initiatives through management team meetings or the quarterly management reviews. UNOPS leadership, particularly management team members leading transformation initiatives, has prioritized continued focus on clearly outlining the reasons for, intended outcomes and desired future state, of the transformation.

Management goal 4. Financial stewardship

Risk E. Increasing financial constraints. The increasingly challenging global context suggests that the UNOPS portfolio of services will need to expand and evolve commensurate with partners' changing demands for implementation support. The organization is facing volatile market conditions and an uncertain macroeconomic outlook (see Global trends section) which could lead to higher operational costs, requiring investment in the adjustment of existing services and creation of new ones, while funding is secured only on a project-by-project basis. Moreover, UNOPS is required to adapt to evolving compliance and system requirements in order to maintain its position as a premier partner. These necessary investments have been substantial and intensive within a short timeframe, placing considerable strain on management expenses. Together, these factors may limit the organization's financial margin to invest in enhancing its future implementation capacity, reduce flexibility to quickly adjust to positive or negative funding cycles, and put UNOPS in a disadvantaged position to demonstrate capacity to meet new delivery needs and attract future talent.

Response: UNOPS is strengthening its financial management capabilities with a focus on forecasting and costing to align with directives of its Executive Board and as recommended by the United Nations Board of Auditors. UNOPS is working on gathering more complete and frequent financial data from its operations to ensure that it is on track to recover the direct and indirect costs needed to maintain its current and future capacity to fulfil its mandate as prescribed by the Executive Board. To improve forecasting capabilities, UNOPS has deployed training for its Global Leadership Network to refine engagement estimates and enable the organization to make financial decisions that balance current needs, operational costs and future delivery capacity. It is also researching options for scaling up delivery through intra-regional collaboration and a different approach to partnership development that focuses on value rather than cost. For example, through the quarterly management reviews, the management team has been evaluating how to replicate successful reconstruction mechanisms across regions and is working on a definition for the concept of value for money.

Corporate risk response activities

Notwithstanding the critical risks of strategic importance described in the previous section deserve a specific response, UNOPS has corporate mechanisms in place to enable a continuous and systemic management of the organization's risk exposure. Key examples of these mechanisms are described below.

- Quarterly assurance is a process for decentralized oversight and review of project, programme and portfolio performance that provides a structured approach to proactively manage risks and enhance the likelihood of successful outcomes across the portfolio.
- The delegation of authority framework and escalation mechanisms seek to ensure that authority for commitment decisions on newly developed engagements is assigned at the appropriate organizational level to manage residual exposure and promote accountability.
- UNOPS has introduced a new due diligence framework aligned with the United Nations Sustainable Development Group Common Approach to Prospect Research and Due Diligence for Business Sector Partnerships (REF. OD.2023.04), which also covers implementing partners and grantees.
- The quarterly management review is a platform for the organization's management team to review the agency's quarterly performance, engage in risk-informed discussions and make forward-looking decisions towards meeting its strategic objectives. The exercise includes analyses and discussion of the global context, key trends of concern and emerging risks to the organization.
- The independent oversight functions provide objective and independent assurance and advice on the effectiveness of governance, risk management and internal controls. These include the Internal Audit and Investigations Group, the Ethics Office, the United Nations Board of Auditors and the Joint Inspection Unit of the United Nations System.
- As part of the acceleration towards achievement of the Goals, the UNOPS launched seven mission hubs with cross-cutting themes including gender equality, social inclusion and climate action. These hubs leverage knowledge, experience and expertise from across the organization – as well as insights from leading external thematic experts – to reflect on the interconnections between key global challenges (see Global trends section) and the UNOPS approach to project delivery.

IV. Looking forward

UNOPS recognizes that the global context, along with its own operational environment, is constantly changing. Some of the critical risks of strategic importance identified in this note may persist in the near term, while new ones will likely arise. For UNOPS, this means that ERM will continue evolving as a proactive, dynamic and integrated activity, guided by clear principles and mandates set by the Risk and Compliance Group, but ultimately as a shared responsibility across all offices and levels.

To further advance in its maturity journey and future-proof its capacity to respond to the risks included in this note, as well as emerging ones, UNOPS is focusing on the following areas:

- a) Promoting an open and transparent risk culture that encourages proactive reporting and cross-functional collaboration as part of the UNOPS cultural transformation;
- b) A more integrated, systematic and dynamic risk management process and system are expected to inform decision making as an integral part of the project, programme and portfolio management initiative.

- c) Ongoing efforts will establish the cyber security risk management and strategic framework, including operating model, policies and metrics to evolve the organization from the current to the desired state of cyber security and technology governance.
- d) Guiding principles for risk management will be further embedded in key decision-making across UNOPS service lines and policy functions, tailored to the organization's distinctive mandate, operating model and delivery context;
- e) A set of critical key risk indicators that integrate corporate and field-level information will be developed to identify early warnings, enable more data-driven decisions, and inform pre-emptive action from management when necessary;
- f) The risk appetite of UNOPS will start to be delineated to better understand potential trade-offs facing the organization, optimize resource use and ensure that the project portfolio remains within mandate and in alignment with non-negotiable United Nations standards.

We will continuously seek to ensure that the organization pursues risk management as an integral practice, supported by adequate resources and strong organizational commitment. This will assure UNOPS personnel, partners and Member States that past lessons have been fully absorbed and that the organization has emerged more resilient and robust as a result.
