



Industrial Development Board

Forty-eighth session

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Item 5 of the provisional agenda

General risk management

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Report by the Director General

Further to the report of the Director General presented at the forty-seventh session of the Industrial Development Board ([IDB.47/16](#)), the present document provides an update on UNIDO's general risk management strategy.

I. Background

1. The present document provides information on progress made following the report [IDB.46/7-PBC.34/7](#) dated 7 May 2018, which outlined the first steps taken and actions planned for implementing UNIDO's risk management framework. These consisted of establishing a Risk Management Committee and implementing activities related to the identification and assessment of UNIDO's risk profile, including measures to address the recent reduction in the membership of the Organization.
2. The withdrawal of Member States was seen at the time as a critical risk affecting the Organization (PBC conclusion 2016/8), and the Director, Department of External Relations, was nominated UNIDO Risk Focal Point and Chair of the Risk Management Committee. In [IDB.47/16](#), the Director General reported the key activities undertaken by the Committee in 2018-2019, including: an institution-wide risk mapping exercise; establishment of a corporate risk register; development of a risk assessment methodology; and a workplan based on the risk maturity model.

II. New developments

3. In November 2019, the Director General appointed a full-time Risk Management and Business Continuity Focal Point to reflect the growing importance attached by the Secretariat to the subject matter.

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4. Member States, individually or through statements delivered at the policymaking organs of UNIDO, external auditors, the Joint Inspection Unit (JIU), the Audit Advisory Committee and the 2019 assessment of organizational performance by the Multilateral Organisations Performance Assessment Network all advocated for a comprehensive, institution-wide risk management strategy.

5. The COVID-19 pandemic meanwhile ushered in a new risk: on 16 March 2020, UNIDO and the other Vienna-based organizations locked down the Vienna International Centre in line with the containment strategy announced by the host government. Over the following ten weeks of home confinement, UNIDO pivoted to teleworking arrangements and was able to maintain the continuity of service to its Member States.

6. During this period, the Secretariat closely cooperated with the High-Level Management Committee (HLCM) Cross-functional Task Force on Risk Management; contributed to the JIU report “Enterprise Risk Management: approaches and uses in United Nations system organizations” (forthcoming 2020); produced a comprehensive assurance map; and, drafted UNIDO’s first Director General Bulletin on Enterprise Risk Management (ERM) Policy. The bulletin is currently being reviewed internally.

7. On 1 June 2020, a restructuring of the Secretariat established the position of Special Advisor to the Director General on Operations Coordination and Risk Management, in the Office of the Director General. The Special Adviser will consolidate the work undertaken thus far by the Risk Management Committee and further develop the ERM Policy in line with the best practice of the Committee of Sponsoring Organizations of the Treadway Commission Enterprise Risk Management – Integrated Framework, tailored to the specific contingencies of UNIDO.

8. Over the coming months, the Office of the Special Adviser will focus on the most significant risks faced by the Organization (such as the impact of a reduced membership and fraud risk assessment); on coherence with parallel initiatives, such as the revision of the Internal Control Framework and the Organization’s first-ever Results-Based Budget; and on gradually instilling a culture of risk assessment, monitoring and management throughout the Organization.

9. The Resource Optimization in Technical Cooperation (ROTC) initiative launched by the Secretariat in March 2019 is designed to upscale the Organization’s services to Member States by fostering greater functional specialization within the Secretariat and realizing cost-saving synergies. It also offers the prospect of tighter management of risk in UNIDO’s operations, as progress monitoring will rest on a dedicated group of specialized staff with appropriate training.

III. Action required of the Committee

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