



JOINT INSPECTION UNIT
of the United Nations System
CORPS COMMUN d'INSPECTION
du Système des Nations Unies

CHECK AGAINST DELIVERY

15 March 2021

STATEMENT TO THE FIFTH COMMITTEE OF THE GENERAL ASSEMBLY

First part of the 75th resumed session
Agenda item 139: Review of efficiency

Introductory statement on the JIU report

“Review of Enterprise Risk Management: Approaches and Uses in United Nations System Organizations”

A/75/718 (JIU/REP/2020/5)

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Inspectors

Mr. Chair, distinguished delegates,

Thank you for the opportunity to introduce the “Review of Enterprise Risk Management: Approaches and Uses in United Nations System Organizations” prepared by the Joint Inspection Unit, as contained in document A/75/718 and available under the symbol JIU/REP/2020/5. The comments of the Secretary-General and those of the United Nations System Chief Executives Board for Coordination are contained in the document A/75/718/Add.1.

Enterprise risk management (ERM) has its roots in the private sector and has value in all sectors, including United Nations system entities. United Nations system organizations are exposed to a myriad of risks while delivering on their mandates — from fraud and corruption, reputational risks and cybercrime to risks of a political nature and natural and human-made disasters. In its resolution 61/245, the General Assembly endorsed the adoption of ERM in the United Nations system to enhance governance and oversight.

ERM is an organization-wide process of structured, integrated and systematic identification, analysis, evaluation, treatment and monitoring of risks towards the achievement of organizational objectives. It is fundamentally about managing uncertainty and can include both threats and opportunities.

As an update to its 2010 review, the main objective of the JIU review was to inform legislative /governing bodies and the executive heads of United Nation system organizations about the progress made since the previous review (JIU/REP/2010/4) and the status of implementation, utilization and integration of ERM practices across all 28 JIU participating organizations, as well as to identify good practices and lessons learned to guide ongoing and future initiatives.

Progress has been made in the United Nation system since the 2010 JIU review of ERM but there is still room for improvement. The present review proposes 10 updated benchmarks and assesses the progress of ERM implementation against them. The updated benchmarks are intended to assist United Nations system organizations in identifying gaps and point to good practices in their ERM policies and procedures.

Benchmarks 1 to 3 are foundational for ERM and call for the adoption of an organization-wide policy tied to the organization's strategic plan, an internal staffing structure with clear roles and responsibilities to support and implement the policy and a risk culture fostered by a 'tone at the top' that fully commits to ERM implementation and integration at all levels.

Benchmark 4 calls for the engagement of legislatives and governing bodies with ERM at the appropriate levels in order to fulfil their oversight roles, prepare for uncertainties and ensure that executive heads are accountable for and committed to managing risks.

Benchmarks 5 to 9 are intended to provide organizations with internal structures for integrating and imbedding ERM into their operations to ensure its sustainability – even with normal staff turnover and senior leadership transitions. These benchmarks include: integrating ERM into strategic, operational and programmatic planning and monitoring processes; supporting agile and user-friendly processes that enable staff to identify and respond to threats and crises; developing comprehensive information technology systems and tools to facilitate integration of ERM; providing comprehensive training and communication; and periodically reviewing ERM policies and practices to promote continuous improvement and refinement.

The COVID-19 pandemic is a salient example of the importance of these benchmarks. As a high-velocity and highly volatile risk, the pandemic has emphasized the importance of identifying external risks, adopting an agile mindset, adapting to changes and responding to emerging risks and crises. The manner in which organizations have responded to the pandemic, both operationally and programmatically, may offer further evidence that ERM practices must be coherent, pragmatic and dynamic.

Benchmark 10 calls for UN organizations to support involvement, cooperation and coordination in the inter-agency Cross-Functional Task Force on Risk Management facilitated by the Chief Executives Board for Coordination. This CEB mechanism has developed a reference maturity model which is a useful guide for

identifying gaps and setting a target maturity stage. The CEB Task Force can also be an effective mechanism for addressing United Nations system-wide risks and shared risks.

Mr. Chair, distinguished delegates,

The report makes four formal recommendations and 21 informal recommendations aimed at enhancing effective and integrated ERM for more proactive and better-informed decision-making and good governance.

Executive heads of United Nations system organizations are called on to undertake a comprehensive review of their ERM implementation against benchmarks 1 to 9, as outlined in the JIU report, by the end of 2021 (recommendation 2). They are also asked to ensure that the Cross-Functional Task Force on Risk Management of the High-level Committee on Management of the CEB is continued as a viable mechanism to further promote and facilitate inter-agency cooperation, coordination, knowledge-sharing and to explore shared risks associated with United Nations reform efforts (recommendation 3).

Legislative/governing bodies of the United Nations system organizations are called on to incorporate ERM into their meetings at least annually, with substantive coverage determined by the organization's mandate, field network and risk exposure in order to fulfil their oversight roles and responsibilities (recommendation 1). They are also asked to request executive heads to report on the outcomes of a comprehensive review of the organization's implementation of ERM against benchmarks 1 to 9, as outlined in the JIU report (recommendation 4).

To assist members of the governing/legislative bodies in implementing the recommendations, the JIU has developed an appendix that provides basic information on ERM concepts and terms in order to provide oversight on the implementation of ERM and to hold senior management accountable for setting an appropriate tone at the top for its integration.

Mr. Chair, distinguished delegates,

We thank you for your kind attention and would welcome comments from delegations and any questions you might have.