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Programa Mundial de Alimentos
برنامج الأغذية العالمي

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Executive Board documents are available on WFP's website (<https://executiveboard.wfp.org>).

Risk appetite statements

The present document reproduces the risk appetite statements set out in annex II to document [WFP/EB.2/2018/5-C](#).

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Risk appetite statements

WFP's risk appetite reflects its overall approach to risk management, affirming its commitment to identify, measure and manage risks as it seeks to reach the people vulnerable to food insecurity and malnutrition while at the same time safeguarding resources. WFP's mission towards zero hunger requires risk taking and operating in difficult environments, including conflict zones. The question is often not whether to engage, but how to engage in a way that minimizes and contains risk while maintaining conformance with the humanitarian principles.¹ WFP therefore places a strong emphasis on a risk-aware culture that relies on management judgment to make decisions that enhance value, deliver on its humanitarian and development objectives, and is aligned with WFP's core values.

For **strategic** risks, WFP may be characterized as 'risk hungry': WFP designs and implements its programmes in difficult contexts. It is voluntarily funded and needs to actively manage its external relationships with donors, host governments and partners. It must continually adapt its business model to changing needs and operating environments. For **operational** and **financial** risks, WFP is 'risk averse', continually seeking to improve its internal controls and mitigate risks within the constraints of cost and efficiency. For **fiduciary** risks, WFP is 'highly risk averse': whilst it accepts that it remains exposed to these risks, WFP recognizes its duty of care to staff, its obligations to stakeholders, and commits to take prompt and effective action on matters of internal conduct.

WFP's appetite for risk is articulated more explicitly below in a series of statements linked to its categorization and specific risk areas. Each risk appetite statement reflects the intent to actively manage risks. The statements help WFP to share risks with partners and stakeholders and engender proactive engagement in operational decision making. While WFP's risk appetite is developed corporately, context-specific appetite or tolerance levels are set with due consideration for risk impact and the cost of control. Risks that are deemed out of appetite will be escalated to the next level of authority.

The risk appetite statements serve as guiding principles for managers and:

- allow analysis, response and monitoring of their risks;
- inform their day-to-day decisions and prioritization of resources;
- support the establishment of performance targets for their areas of responsibility; and
- enable them to carry out WFP's mission within boundaries for risk management and with respect for the core values of the organization.

To support and embed its risk appetite, WFP seeks to continually develop and refine suitable measures (i.e. risk metrics/indicators) against each risk appetite statement. Function heads, in their capacity as risk leads for their specialism of risk are responsible for specifying and agreeing appropriate appetite measures at the corporate, regional and country level. The risk measures, and the appetite thresholds linked to them, should be agreed at least annually in conjunction with performance and management planning processes. The Enterprise Risk Management function helps to facilitate this process and also consolidates corporate level metrics for reporting to executive management and the Audit Committee.

¹ The humanitarian principles of humanity, neutrality, impartiality and independence are formally adopted in General Assembly resolution 46/182 (adopted in 1991) and General Assembly resolution 58/114 (adopted in 2004).

Strategic risks	
1.1 Programme	<p>WFP responds in the context of international consensus on needs. It is committed to designing evidence-based, robust, gender-transformative and environmentally sustainable country strategic plans, in partnership with host governments, donors, civil society and other key stakeholders. WFP will continue to develop funding partnerships to align its resources with implementation priorities, including modality choice.</p> <p>WFP recognizes that in its humanitarian and development mission, a highly engaged workforce with the right skills is required and may need to be rapidly mobilized. WFP invests in training, sourcing of employees with the required skills, and mechanisms to deploy them rapidly.</p>
1.2 External relationships	<p>WFP works closely with many strategic partners, whether governments, other United Nations entities, non-governmental organizations, civil society organizations and private sector organizations. WFP commits to share information and communicate pro-actively with all its strategic partners.</p> <p>Exposure to media attention and public perception may negatively impact WFP's reputation. WFP is committed to ensure that any false allegations are correctly addressed while maintaining transparency and building trust with all partners and stakeholders.</p>
1.3 Context	<p>WFP needs to provide principled and effective assistance in a variety of contexts. WFP invests in emergency preparedness activities based on early warning and response protocols. WFP recognizes the importance in certain circumstances of deploying employees and assets prior to a potential humanitarian emergency.</p>
1.4 Business model	<p>WFP continuously seeks to foster a creative and innovative culture that allows the organization to accelerate its contribution to achieve the SDGs. WFP manages its execution risks in this dynamic environment through increased investment in new approaches, technologies and expertise, as well as the implementation capacity to take solutions to scale.</p>
Operational risks	
2.1 Beneficiary health, safety and security	<p>WFP actively seeks to protect beneficiaries from harm, including exploitation, abuse and gender-based violence.² It aims to develop sustainable programmes and infrastructure. It will take prompt action to protect beneficiaries and affected populations, imposing high standards on itself and its partners, and ensuring safe and accessible complaints and feedback mechanisms are in place.</p> <p>WFP seeks to respond to the particular needs of women, men, girls and boys on a timely basis with consistent standards of food assistance. WFP manages its supply chain and costs of delivery by integrating food quality and safety standards.</p>
2.2 Partners and vendors	<p>WFP will conduct due diligence on all partners and vendors and will monitor ongoing performance. Where availability, capacity or implementation quality of partners or vendors is limited or inadequate, WFP will work to build their capacity to comply with its standards.</p>
2.3 Assets	<p>WFP will maintain minimum operational safety and security standards to safeguard its fixed assets and inventories. WFP will continuously assess risks of loss of assets and inventories, and invest in embedding processes, systems and enhanced safety and security measures where appropriate.</p>

² Gender Policy (2015–2020) ([WFP/EB.A/2015/5-A](#)).

2.4 Information technology and communications	WFP invests in systems resilience and improved functionality to deliver cost-effective operations. WFP will continue to enhance cyber security measures to counter risks of data loss/misuse or system disruption. WFP sees innovation as a strength and actively seeks to adopt new technology, and addresses associated risks through governance mechanisms, testing and change release controls.
2.5 Business process	WFP invests in the resilience of its supply chain with clear accountabilities for all elements of the critical path, including robust supplier due diligence and quality assurance monitoring. WFP's ability to sustain heightened operations is reviewed after the first 90 and 180 days of an emergency. WFP promotes a culture of change to continually enhance its operations and prioritizes change initiatives to focus resources and minimize disruption.
2.6 Governance and oversight	WFP operates in dynamic environments and must make timely decisions, often at the field level. Technical and functional experts support managers in making decisions, and accountabilities are reinforced by internal governance processes, including regular risk monitoring, reporting, evaluation and, where required, escalation.
Fiduciary risks	
3.1 Employee health, safety and security	WFP will assess employee health, safety and security risks in the context of programme criticality and its duty of care. In the event of a critical incident, WFP will take action in line with the United Nations security framework and revise procedures accordingly.
3.2 Breach of obligations	WFP commits to the highest standards of ethics and conduct and seeks to uphold humanitarian principles, in addition to applicable rules and regulations across all its operations. In doing so, it relies on the commitment of all its employees, who are held personally accountable. WFP commits to take firm action where there has been a material breach of WFP standards. WFP commits to abide by its contractual obligations with donors and other stakeholders. WFP is obliged to verify its adherence to its obligations on an ongoing basis.
3.3 Fraud and corruption	WFP is investing in its management side anti-fraud and anti-corruption (AFAC) capability and ongoing employee training to deter and detect potential instances and limit any impacts. WFP commits to investigating substantive reports of violations of the AFAC policy and taking appropriate disciplinary action/sanctions when allegations are substantiated. In addition, WFP will take measures for corrective action, including, but not limited to, recovery of WFP losses.
Financial risks	
4.1 Price volatility	WFP restricts its exposure to commodity price and currency fluctuations by managing its major exposures centrally, within strict procedures and financial limit frameworks.
4.2 Assets and investments	WFP manages its investment portfolios with professional managers under strict investment policies, matching the investment principles of security, liquidity and return with the nature of the funds being invested. It monitors exposures against guidelines daily and reports on performance and risk to the Investment Committee on a monthly basis. WFP commits to monitor the utilization of its key assets, financial and non-financial. Where constraints exist, WFP will proactively engage with stakeholders to manage resources as efficiently as possible.