Background Note: Briefing to the Executive Board

First Regular Session 2025

Update on the continuous work to improve UN-Women's system of enterprise risk management and critical risks of strategic importance

Summary

During the First Regular Session in February 2023, the UN-Women Executive Board, in decision 2024/1, decided to include an agenda item on risk management as follows:

Para 6: *"decides to include, at the First Regular Session 2025, an agenda item for decision on risk management, and requests UN-Women to provide under this agenda item, an update on the continuous work to improve the system of enterprise risk management and critical risks of strategic importance."*

I. Context

1. United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) is dedicated to achieving gender equality, the empowerment of all women and girls, and the full enjoyment of their human rights. UN-Women leverages its unique triple mandate, encompassing normative support, UN system coordination and operational activities, to mobilize urgent and sustained action to achieve gender equality and the empowerment of all women and girls. UN-Women works across its four established thematic impact areas: (i) governance and participation in public life; (ii) women's economic empowerment; (iii) ending violence against women and girls; and (iv) women, peace and security, humanitarian action and disaster risk reduction. The only way to achieve transformational results for gender equality and women's empowerment is by working with and through partners and ensuring that commitments are backed by sustainable financing and accountability.

2. Management applies Enterprise Risk Management (ERM) as a key tool to ensure the ability of UN-Women to meet organizational objectives and needs. Embedding risk management into the organization's governance processes enables the structured identification, evaluation, treatment and monitoring of risks to the achievement of organizational objectives. ERM is about managing uncertainty in the face of challenges and opportunities.

II. Improving UN-Women's Enterprise Risk Management (ERM) System

3. Since the introduction of ERM in 2014, UN-Women has made significant progress in its implementation and continues to consider enhancements to the risk management framework to ensure it remains fit for purpose.

4. UN-Women's ERM framework is underpinned by the Risk Management Policy (2020) and Procedures (2021), supported by guidance, training, and capacity building. UN-Women defines risk as the possibility that an incident or event will occur and affect the achievement of objectives. Incidents or events with negative impacts represent risks while those with positive impact represent opportunities. Risks are identified and managed through three main levels: 1) projects; 2) Country Office, Regional Office, and Headquarters (HQ) Division/ Independent Office; 3) global / corporate.

UN-Women's risk management architecture and process is aligned to the strategic planning process and is framework depicted in the diagram below:
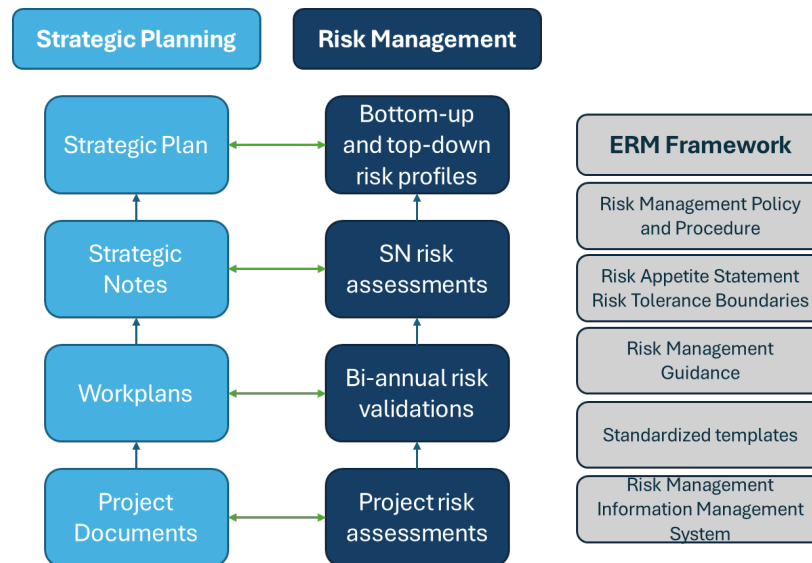
5. UN-Women's risk management framework has been reviewed and assessed by the third line of defence, including the UN-Women Internal Audit Services (IAS) advisory assignment on the maturity assessment of the risk management process (2019) the Joint Inspection Unit (JIU) report on enterprise risk management: approach and uses in the United Nations system organizations (2020, JIU/REP/2020/5), and the United Nations Board of Auditors (UNBOA), including explicitly as part of the financial report and audited financial statements for the year ended 31 December 2020 and Report of the Board of Auditors. UN-Women's risk management maturity is also continuously assessed through IAS Regional and Country Office audits, which examine governance, risk management, and internal control systems, and UNBOA field visits to Regional and Country Offices. Additionally, the Advisory Committee on Oversight (ACO) receives regular briefings on the implementation of the ERM framework and provides routine feedback.

6. The following is a summary of UN-Women's risk management progress, in accordance with the reference maturity model for risk management in the UN system (developed by the High-Level Committee on Management (HLCM) Risk Management Forum):

Enterprise Risk Management Framework and Policy

7. UN-Women promulgated its first Risk Management Policy and Procedure in October 2014, both of which have been the subject of revisions to adopt to UN-Women's changing landscape. The Entity's risk management framework is supported by a Risk Appetite Statement, approved by the Executive Director in 2022, as well as other related guidelines and standardized templates to support UN-Women's programmatic and operational needs.

Governance and organizational structure

8. UN-Women applies the three lines model of the Institute of Internal Auditors to clarify the roles and responsibilities for risk management. Under this model, the first and second lines support UN-Women with delivering results while managing risks, adhering to policies and applying internal controls. The roles and responsibilities are classified as follows:

i. Heads of Country Offices, Regional Offices and Headquarters Divisions/Independent Offices are Risk Owners, who are accountable for managing the risks within their delegated authorities and responsible for ensuring that an adequate risk mitigation plan is in place for the business unit.

ii. Risk Owners are supported by Risk Focal Points who coordinate business unit-level risk management activities, in accordance with the Risk Management Policy and Procedure and other related guidance.

iii. The Risk Management Function is located in the Strategy, Planning, Resources and Effectiveness Division (SPRED) and provides technical and advisory support to all business units. It also provides oversight for risk management activities across the Entity in line with the annual risk management plan and leads the risk management reporting process to relevant stakeholders, working closely with other functions in the second line of defence.

iv. The Director, SPRED serves as UN-Women's Chief Risk Officer and has overall accountability for the implementation and maintenance of the Risk Management Framework, ensuring that the identification and management of risks is aligned to UN-Women's planning, monitoring, reporting and decision-making activities.

v. The Risk Management Committee (RMC) is chaired by the two Assistant-Secretary Generals/ Deputy Executive Directors and assists the Executive Director in fulfilling her oversight responsibility for Enterprise Risk Management. The RMC monitors the corporate risk register and considers whether all key risks that may impact the achievement of annual and medium/long term objectives have been adequately identified and mitigated, consequently guiding the organization's risk and reward approach.

Process and integration

9. UN-Women follows a systematic process for conducting risk assessments, supported by a defined approach and methodology. Unit risks assessments are embedded into the Strategic Note planning process at the HQ Division, Regional Office and Country Office levels, to ensure full alignment with the planning, monitoring and reporting processes. To enhance objectivity of the risk assessments and ensure adherence to corporate standards, the Risk Management Function completes a rigorous quality assurance process for each unit-level risk assessment. The outputs of the risk assessments form the basis of the Business Unit level risk registers, which are monitored and updated every six months as part of the corporate monitoring process. In addition, first line managers are responsible for conducting other micro-level risk assessments which support adequate evaluation of unit-level risk assessments. Examples of these are project-level risks assessments, programme partner risk-based capacity assessments, private sector engagement risk assessments and security risk assessments.

10. During the course of each year, the Risk Management Function aggregates the unit-level risk data to build the bottom-up risk profile. The bottom-up risk profile is reviewed at the technical level through the Technical Management Group (TMG) before being presented to the Risk Management Committee as part of the top-down risk assessment.

11. The Risk Management Committee conducts a top-down risk analysis to develop a composite and comprehensive view of the corporate risk profile. The corporate risk profile and corresponding mitigation actions are regularly monitored throughout the year.

Systems and tools

12. UN-Women introduced an online risk management system in 2017. This system facilitates the monitoring of unit-level risk registers and provides global visibility of risk information. It also enables data analysis across all business units and supports the planning and performance monitoring processes. UN-Women utilizes

standardized risk registers and risk labels to enable comparability of risk data across different offices and operating contexts.

Risk capabilities

13. Risk management capabilities are recognized as an important competency and the Risk Management Function carries out regular training sessions, some of which are open to all personnel, and others that are targeted at Risk Focal Points and Project Management personnel.

14. Periodic risk profiles are available to all personnel and regularly presented to the Technical Management Group and the Risk Management Committee.

Risk culture

15. Senior management continues to demonstrate its commitment to risk management by ensuring that the Entity strengthens its institutional approach to risk management, with the objective of ensuring that management takes calculated and risk-informed decisions in pursuit of UN-Women's strategic objectives, balancing the risks of taking certain actions with the risk of inaction.

16. The Quarterly Business Review (QBR) is a forward-looking management tool which monitors key performance indicators. It is regularly utilized by the TMG and RMC to identify key operational risks and facilitates periodic discussions on how UN-Women is responding to the risks identified.

17. UN-Women continues to make efforts to enhance the organizational risk culture, moving away from a compliance approach to one that is value adding, ensuring that the discourse on risk versus rewards is integrated into the reporting and decision-making processes.

III. Critical Risks of Strategic Importance

18. UN-Women's key risks are informed by the unit-level bottom-up risk assessments and the top-down assessment conducted by the RMC. Key risks of strategic importance that are considered critical and that would cause a substantial failure in UN-Women's ability to fulfil its overall mandate are as follows:

Sustainability of UN-Women's financial resources, marked by insufficient regular and flexible funding to optimally deliver on UN-Women's triple mandate

19. While UN-Women is proud of its financial growth since inception, this growth has been predominantly driven by other (or non-core) resources, with continued evidence of funding gaps in regular (core) resources, which are the bedrock of UN-Women. Therefore, this risk pertains largely to the overall composition of UN-Women's funding, though risks also remain with regards to the total volume of resources amid shifts in the global political and economic environment. Additionally, the Entity also faces challenges from donor earmarking driven by competing demands, economic downturns, and exchange rate fluctuations affecting non-USD contributions. Fundraising constraints and limited donor contributions may impact resource availability and programme delivery.

20. To mitigate this risk, management regularly monitors revenue targets and is making efforts to improve the use of cost recovery on projects to reduce the corporate burden on regular resources, while also seeking increased direct funding of Strategic Notes and engaging in regular dialogues and roundtables with funding partners and Member States. Management is committed to further enhancing transparency and corporate reporting, including through the launch of the third phase of the UN-Women Transparency Portal which highlights the Entity's global results, reach, partners, and contributions. Furthermore, UN-Women will

continue to responsively adapt its business model to meet both organizational needs and expectations of partners, ensuring that available resources are optimally invested to maximize impact and value for money.

An increasingly uncertain global economic environment where investment in Gender Equality and Women's Empowerment (GEWE) is not consistently prioritized

21. The global economic climate and outlook represents a perversive risk, both in terms of funding to UN-Women, but more broadly in the context of financing for gender equality, with a reducing portion of Official Development Assistance being allocated to programmes where gender equality is the main objective[1]. As reported through the World Economic Forum's global risk report, economic strains on low- and middle-income countries are expected to grow leading to a reduction in national and development financing. Consequently, support for the GEWE agenda may diminish as governments prioritize economic recovery and responses to conflicts and crises, even as evidence clearly shows GEWE is essential in realizing these and other development goals. This could lead to a significant reduction in financial resources for UN-Women, potentially impacting its ability to deliver planned results in the medium to long term.

22. Management will continue to mitigate this global risk through efforts to intensify investments in gender-responsive macro-economic policies and sustainable financing, including as outlined in the recently launched Women's Economic Empowerment Strategy. Furthermore, UN-Women will continue with efforts to diversify funding sources, supported by increased visibility of the Entity's results and resources through the Transparency Portal, while working with key funding partners to increase resource mobilization and ensuring that gender-responsive budgeting is included in government public budget and planning processes.

Growing political instability and polarization, contributing to increased insecurity and the erosion of human rights

23. UN-Women continues to operate in highly complex and sensitive environments, including those that have seen political pushback against gender equality and curtailing of civic space. In some countries, this has resulted in rollback of legislation, policies and services for women and girls. Furthermore, development assistance may focus more on recovery, health, migration, and other urgent needs, potentially neglecting the gender dimensions and prioritizing women's and girls' safety, participation, decision-making, and livelihoods. With increasing numbers of humanitarian crises, UN-Women's active engagement in the Inter-Agency Standing Committee (IASC) has been crucial to securing a greater focus on gender equality in humanitarian response and decision-making processes.

24. As part of the mitigating actions for this risk, UN-Women will continue to support multi-stakeholder partnerships, enhance capacities and evidence, amplify and replicate good practices, and strengthen the UN's support to women human rights defenders and civic space. At country level, UN-Women also actively participates in UN Country Teams to keep abreast of changing political environments, highlight trends of regression in gender equality, and contribute to solutions to advance gender equality and promote and protect women's and girls' human rights. Management will also continue to strengthen UN-Women's unique value-add in humanitarian settings, building on the successful integration of gender equality into humanitarian planning cycles and responses demonstrated thus far.

Heightened cyber security risks impacting UN-Women's operations and programmatic work

25. While increasingly powerful technologies are radically reshaping the working modalities of UN-Women and increasing operational efficiencies, growing dependencies on digital platforms coupled with increased threats from external actors also enhances risks related to misinformation, data privacy, and cyber insecurity, all of

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[1] OECD (2024), Development Finance for Gender Equality 2024, OECD Publishing, Paris, https://doi.org/10.1787/e340afbf-en.

which may impair business continuity and result in reputational damage. Furthermore, this risk also arises as a result of UN-Women's dependence on third-party service providers.

26. Acknowledging that these risks need to be carefully managed, UN-Women has implemented strong measures to ensure that cyber security governance is embedded across the organization and vigorously monitored. Examples include ensuring a robust and secure technology environment, supported by technology solutions such as disaster recovery plans, security and software updates for all UN-Women corporate endpoints, the use of multi-factor authentication and password control, strong back-up and data privacy mechanisms, and cyber security awareness programme for all personnel. In addition, UN-Women is conducting further analysis of its cyber security preparedness levels and will consider potential additional investments which may be required in this area.

27. More broadly, UN-Women recognizes the disruptive capabilities of generative AI and other rapidly evolving technologies. While these technological developments offer new opportunities, both for organizational effectiveness and efficiency and for the achievement of development results, they also bring new risks and gender-based vulnerabilities that need to be carefully managed.

Accelerating adverse impacts of climate change marked by the increased frequency and severity of extreme weather events

28. As extreme weather events continue to increase both in frequency and severity, the consequences will be experienced globally. Projections indicate that under a worst-case climate scenario, climate change may push even more women and girls into poverty. Changes in the environment and climate context that result in emerging or sudden onset of negative climatic conditions or related extreme events may either (i) significantly undermine project / programme implementation and/ or (ii) introduce vulnerabilities affecting women and girls that requires action by UN-Women to mitigate the impact of these adverse events.

29. To mitigate this risk, UN-Women continues to embed disaster preparedness, prevention and climate resilience approached in its programmatic work, working with key stakeholders to ensure that gender is mainstreamed in national contingency plans. In addition, UN-Women will continue build capacities of external actors in all states of disaster risk reduction preparedness and response, while also building internal capacity and programming tools to effectively contribute to climate change and disaster risk reduction efforts.

IV. Conclusion:

30. UN-Women continues to make efforts to strengthen its maturity and track progress on key performance indicators. Management continues to identify opportunities to strengthen this work through increasing risk management capacities to ensure stronger dedicated support for specific regions and countries, as well as specific projects and corporate initiatives of strategic importance. This also includes considerations for increased monitoring mechanisms, such as the use of data analytics for risk profiling, facilitating an early warning mechanism for emerging risks, and supporting risk incident reporting. Finally, as part of the Enterprise Resource Planning (ERP) system Quantum Phase 2 roll-out, management plans to enhance and integrate the results management and risk management systems to achieve better integration and streamline existing performance monitoring mechanisms.