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Annual report on the risk profile of UNICEF

Summary

In accordance with Executive Board decision 2024/16, this document presents an annual report on the risk profile of UNICEF, including top risks, risk appetite and management and mitigation of critical risks for the upcoming year.

Elements of a draft decision for consideration by the Executive Board are provided in section VII.

* E/ICEF/2025/11.



I. Overview

1. Today's volatile world continues to face increasingly severe (geo)political divides, conflict, natural disasters and economic uncertainty. Robust enterprise-wide risk management is now more critical than ever to anticipate and navigate these dynamic uncertainties and secure success in the work of UNICEF for every child – recognizing that the biggest risk is not reaching children. It enables a proactive and resilient organization to safely face the risks posed by the current environment and confidently take the risks required to achieve its objectives.

2. The annual report on the risk profile of UNICEF discusses the most critical risks (potential future events) that, should they materialize, would have a significant impact on the ability of UNICEF to deliver on its mandate and achieve its strategic goals. The report provides an analysis of macrorends affecting the risk profile of UNICEF, an overview of top risks and their mitigation, and of risk appetite (i.e. the amount of risk UNICEF is willing to take, accept or tolerate to achieve its goals).

3. This year's risk report describes six top risks of strategic importance. By definition, these are potential events that may or may not happen, but are being anticipated and proactively mitigated to the extent this is within the control of UNICEF:

(a) **Decrease in quality or level of funding:** The risk that UNICEF may receive less funding in both core and other resources;

(b) **Restricted access to beneficiaries:** The risk that UNICEF may be unable to access beneficiaries or beneficiaries may be unable to access assistance and services;

(c) **Misuse and aid diversion:** The risk that funds may be misused by recipients or aid may be diverted away from the people for whom it is intended;

(d) **Cyberattack and digital disruption:** The risk that a cyberattack or disruption to digital systems underpinning UNICEF programmes and operations may occur;

(e) **Harm to individuals, communities and the environment:** The risk that UNICEF presence, programmes and operations may be doing harm to individuals, communities or the environment;

(f) **Diminished programmatic and child rights impact:** The risk that the ability of UNICEF to deliver programmes, preserve long-term sustainable impact and uphold child rights may diminish.

4. UNICEF embraces the need to take risk to fulfil its mandate, achieve its ambitious mission and secure success in its work for every child – recognizing that the biggest risk is not reaching children. UNICEF is, in general, willing to face and take risks that are required to deliver results for children, while ensuring robust risk management systems are in place to proactively identify, manage and monitor those risks to ensure that they stay within the agreed risk appetite and the benefits continue to outweigh the risks.

5. Executive Boards must be informed of the most significant risks to the organization and satisfy themselves that there are effective risk management policies and procedures in place so that the organization takes risks into account in setting strategies, planning and decision-making. This may also include engaging in shared risk dialogues to ensure a supportive environment for necessary risk-taking.

II. Introduction

6. Over the past decade, the scale, range and complexity of UNICEF programmes and operations have increased significantly. Programme scope and ambition have expanded to accelerate progress towards achievement of the Sustainable Development Goals and the organization has to work in more complex and unpredictable operating contexts as a result of the relentless surge in emergencies and humanitarian needs. Moreover, today's volatile world continues to face increasingly severe (geo)political divides, conflict, natural disasters and economic uncertainty. Robust enterprise-wide risk management is now more critical than ever to anticipate and navigate these dynamic uncertainties and secure success in the work of UNICEF for every child – recognizing that the biggest risk is not reaching children. It enables a proactive and resilient organization to safely face the risks posed by the current environment and confidently take the risks required to achieve its objectives.

7. Risk management is a forward-looking management activity that requires systematically identifying and understanding what might happen (i.e. potential future events) and proactively managing the potential effects of these uncertainties on an organization's objectives, whether positive or negative. As a dynamic and iterative process, it requires ongoing monitoring and reassessment as the nature and level of risks evolve due to changing (or better understood) risk factors and mitigation measures taking effect (or falling short). The risk management process is distinct from oversight and assurance (a backward-looking review and validation activity) but benefits from inputs from audits and other assurance reviews to determine the effectiveness of existing measures that are being relied upon to mitigate potential future risks.

8. The annual report on the risk profile of UNICEF discusses the most critical risks that, should these materialize, would have a significant impact on the ability of UNICEF to deliver on its mandate and achieve its strategic goals. By definition, these are potential events that may or may not happen but are being anticipated and proactively mitigated to the extent this is within the control of UNICEF. The report provides an analysis of macrotrends affecting the risk profile of UNICEF, an overview of top risks and their mitigation, and of risk appetite (i.e. the amount of risk UNICEF is willing to take, accept or tolerate to achieve its goals).

9. This year's risk report describes six top risks of strategic importance. This is based on risk reporting from country offices and divisions as part of their annual risk assessments, as well as a survey on strategic risks shared with all heads of office, selected interviews with senior management, consultations with internal audit and evaluation colleagues, and discussions in the Senior Management Risk Committee.

10. In accordance with the Joint Inspection Unit review of the governance and oversight functions of Executive Boards¹ and global best practice, Executive Boards must be informed of the most significant risks to the organization and satisfy themselves that there are effective risk management policies and procedures in place so that the organization takes risks into account in setting strategies, planning and decision-making. This may also include engaging in shared risk dialogues to ensure a supportive environment for necessary risk-taking. The organization's executive management retains the responsibility to design, implement and monitor the risk management approach. Identified strategic risks will inform the ongoing development

¹ Hunte, C., Report of the Joint Inspection Unit, Review of governance and oversight of the Executive Boards of the United Nations Development Programme/United Nations Population Fund/United Nations Office for Project Services, the United Nations Children's Fund and the United Nations Entity for Gender Equality and the Empowerment of Women, JIU/REP/2023/7, United Nations, Geneva, 2023.

of the next Strategic Plan, and proactive risk management will continue to be a key focus of the organization during the next strategic plan period.

III. Contextual macrotrends affecting the risk profile of UNICEF

11. The mandate of UNICEF requires it to work in uncertain and risky environments, and programmes are therefore naturally exposed to continuously changing factors that affect the organization's risk profile. Situational analysis, contextual risk identification, horizon scanning and strategic foresight inform the focus of UNICEF through risk-informed programming, emergency preparedness and business continuity planning. Based on a review of various internal and external reports² as well as the contextual risks identified through UNICEF internal risk analyses, key macrotrends and global developments have been identified and summarized below and, where relevant, have been captured as external risk drivers for the top risks of UNICEF in the next section of this report.

12. Children's lives, rights and well-being are increasingly under threat in conflict, with conflicts dominating the current corporate emergencies of UNICEF. In 2024, more children than ever were estimated either to be living in conflict zones or to have been forcibly displaced by conflict and violence. Furthermore, the increasing politicization of aid, disinformation and political violence pose growing threats. Humanitarian aid workers now face unprecedented levels of violence, including of being killed, kidnapped or wounded.

13. Globally, two thirds of the child-related Sustainable Development Goals are still off track, but rising geopolitical tensions and competition among nations may hinder the implementation of solutions. Amid growing geopolitical rivalries and multilateral institutions struggling to respond effectively, both State and non-State actors increasingly seem willing to disregard the rule of law and child rights. Governments across the world tend to focus more on domestic priorities, which may jeopardize global public goods, hamper a cohesive global response to many shared challenges and result in an increase in forgotten crises deprived of global support.

14. Global economic growth is forecast to remain subdued, with the possibility of further headwinds from heightened policy uncertainty, persistent inflation, trade policy shifts, supply chain disruptions and climate-related natural disasters. Geopolitical tensions could lead to renewed spikes in commodity prices and intensified competition for scarce natural resources. Both government and private-sector debt levels continue to rise globally, which may not be sustainable. Low-income countries remain far below their pre-pandemic trajectories, hampered by pandemic scarring, climate shocks and resource constraints. Only 6 of today's 26 low-income countries are likely to achieve middle-income status by 2050. Low-income countries are also receiving less development assistance and – as official development assistance (ODA) shifts from grants to loans – are increasingly burdened with debt, raising the risk of debt crises. Nearly 400 million children live in countries where debt distress hinders vital investments essential for their development and well-being.

15. An unprecedented share of ODA is now directed towards humanitarian crises, conflict response and in-country refugee costs, and aid effectiveness is often compromised by political considerations that drive short-term approaches rather than sustainable, long-term investments. While needs are growing, many traditional donor countries are cutting their aid budgets and increasingly prioritize security budgets and

² E.g. UNICEF, *The State of the World's Children 2024 and Global Outlook 2025: Prospects for Children*; World Economic Forum, *Global Risks Report 2025*; Eurasia Group, *Top Risks 2025*; World Bank Group, *Global Economic Prospects*, January 2025.

military spending, putting at risk decades of gains made and millions of children's lives. This represents a significant shift in the funding landscape for foreign aid globally, with serious ramifications for international assistance and significant risks to aid delivery capacity more broadly, from local to international non-governmental organizations (NGOs), United Nations agencies, as well as host Governments.

16. In 2050, most of the world's children will live in Eastern and Southern Africa, West and Central Africa, and South Asia. Without targeted investments in child and youth education and development and adequate levels of social and health services, low-income countries in Africa and South Asia risk social and economic instability and may see more migration due to youth unemployment. Conversely, in other societies, children will account for fewer than 1 in 10 members of the population, raising questions about their visibility and respect for their views and rights.

17. Persistent inequalities in digital access and Internet connectivity, particularly in the least developed countries, as well as the increasing concentration of technological power globally, risk leaving some children behind in tapping into the benefits of technological innovation. At the same time, children with access need to learn how to safely leverage new digital tools from an early age, as these also expose children to a wide range of risks of harm, such as misuse of personal information, exposure to harmful content and being targets for exploitation and cyberthreats. Global and national governance is struggling to keep up as digital technologies intensify the spread of misinformation, amplify human biases and bring new protection risks for children.

18. The increasing frequency and severity of climate-related disasters (e.g. floods, droughts, hurricanes) can displace populations, disrupt access to services and exacerbate existing vulnerabilities, including public health risks, particularly in low-income and disaster-prone regions. UNICEF estimates that in recent years, the equivalent of about 20,000 children a day worldwide have been displaced by floods and storms exacerbated by climate change. Children are disproportionately impacted by climate change due to their unique physiological and developmental characteristics. Climate shocks can close, damage or destroy schools and affect mental health. Food and water insecurity is predicted to increase and air pollution is especially harmful for children, with effects that can last a lifetime.

IV. UNICEF top risk exposure

A. Risk of a decrease in quality or level of funding

19. The risk that UNICEF may receive less funding in both core and other resources is an inherent risk for UNICEF as it is fully voluntarily funded. The proportion of flexible core funding to total income has been steadily declining, with a fall in unrestricted funding from just under 50 per cent to around 18 per cent over two decades. A heavy share of grants is earmarked, especially for emergencies, and donor conditionalities and corresponding transaction costs continue to increase as public sector donor support is being brought in line with domestic interests in a more fragmented world. This affects the ability to reach children in need equitably in line with the universal rights-based mandate of UNICEF, and to deliver predictable support with long-term sustainable impact rather than short-term project-based outputs. Donor conditions also risk undermining the independence and neutrality of UNICEF. They furthermore complicate funding of essential core functions and shared services, including risk management, administration, oversight and advocacy. Moreover, the risk of significant cuts to existing public sector funding has materialized and continues to be high, with various traditional donors having cut ODA or having announced significant cuts. A sector-wide aid funding crisis requires all

actors to adjust, rightsize and prioritize, and affects UNICEF both directly and indirectly through its partners.

20. To manage this risk, UNICEF continues to advocate for funding growth, including for key underfunded emergencies. Internal guidance has been developed for offices on managing donor conditions and a revised policy on resource mobilization provides decision-making mechanisms for material risks related to donor funding. The localized fundraising model with National Committees for UNICEF and decentralized private sector fundraising provide some resilience. UNICEF also continues to diversify its already broad donor base and will deepen engagement strategies with top public sector donors, expand partnerships with more Governments and private sector entities, nurture growth opportunities with international financial institutions (IFIs), and drive innovative financing solutions and public-private financing. To protect public sector funding, UNICEF is increasing public sector visibility and recognition for their support and continues its strong commitment to transparency and accountability, as demonstrated by its high score on the Aid Transparency Index, an independent measure of aid transparency among development agencies. In response to the funding crisis, UNICEF is expediting ongoing work on efficiencies, as well as identifying further opportunities for structural adjustments, resource optimization and cost-cutting across all areas of the organization.

B. Risk of restricted access to beneficiaries

21. The risk that UNICEF may be unable to access beneficiaries or beneficiaries may be unable to access assistance and services is increasing with a growing trend in conflicts and displacement, civil unrest, armed violence and high crime rates in some countries, and more frequent climate-related disasters. Violations of international law, such as targeting civilians and aid workers, restricting the movement of humanitarian supplies and denying assistance to those most in need, have become common in a number of conflicts. Some country offices see repeated attacks against humanitarian aid workers and assets, with 2024 being reported as the deadliest year for aid workers globally. There are also often restrictions on movement within countries, including restrictive Government or armed non-State actors' policies, delays in obtaining necessary permits, bureaucratic requirements and limitations on the types of organizations and programmes permitted to operate. This makes it increasingly difficult to reach the children who are the most marginalized and vulnerable, as well as to conduct effective monitoring and data collection. Beneficiaries themselves can also be hindered in accessing assistance and services, e.g. due to attacks on schools and health institutions, or due to climate-related vulnerabilities, such as heavy rain, repeated flooding, hurricanes and heat waves.

22. To manage this risk, UNICEF, in conjunction with other United Nations agencies, develops access and engagement strategies and conducts humanitarian diplomacy, advocacy and access negotiations to find ways to constructively engage with various stakeholders. This includes coordinating with relevant national and local entities to facilitate access to hard-to-reach areas and reinforcing community engagement and acceptance through social and behaviour change approaches and community feedback mechanisms. It also includes efforts to accelerate localization, such as the expansion of service delivery through local partners, and to build local NGO/civil society organization (CSO) capacity using a multi-year approach. A recently established internal team for humanitarian diplomacy and engagement will bring dedicated focus to advocacy efforts to protect children in crisis. There are access focal points in many country offices, a humanitarian access field manual and guidelines for engagement with armed non-State actors, as well as tailored access trainings for country offices. Existing coordination mechanisms are being leveraged such as the humanitarian country team, the United Nations country team, the security

management team and the cluster/sector coordination mechanisms. UNICEF will also seek to engage with inter-agency access initiatives, contributing to collective access objectives and leading efforts on topics of expertise (e.g. access for child protection activities). Furthermore, where necessary, remote programming (e.g. online education) is taking place, and supplies are being prepositioned in anticipation of natural disasters or seasonal events hindering access. Sometimes external contractors are used as “extenders” in difficult-to-reach areas and field monitoring (i.e. programmatic visits) can also be conducted remotely or by third parties with access.

C. Risk of misuse and aid diversion

23. The risk that funds may be misused by recipients or aid may be diverted away from the people for whom it is intended is an inherent risk for UNICEF as its mandate demands working in complex and high-risk environments. UNICEF works with and through partners and as such transfers funds to Governments and CSOs. Misuse of funds (intentional or unintentional) by implementing partners includes fraud and corruption as well as not using funds as intended. Aid diversion refers to the misappropriation, obstruction or redirection of funds, goods or services by external actors and can include theft or extortion of humanitarian actors or beneficiaries, and the use of donated items for purposes other than the originally intended purposes. UNICEF has zero tolerance for inaction with regard to misuse and aid diversion, but it is acknowledged that these risks are inherent to its mandate, and it does not mean having zero cases. The risk of aid diversion must always be balanced against the risk of not acting in humanitarian emergencies.

24. To manage the risk of misuse by implementing partners, UNICEF uses the inter-agency harmonized approach to cash transfers framework. This includes due diligence (including sanctions screening) and capacity assessments of implementing partners through assessments of an implementing partner’s financial and programme management capacity (undertaken by a qualified third-party service provider), and, when necessary, assessments of the public financial management environment of the programme countries. The overall risk rating of a partner determines the appropriate cash transfer modality (limited advance payments, reimbursements of incurred expenditures, or direct payments to vendors on behalf of a partner) and the frequency of assurance activities (programmatic field monitoring, financial spot checks and audits). UNICEF shares information with other United Nations agencies on assessments and findings from assurance activities regarding joint implementing partners. Results and recommendations of assessment and assurance activities are also used to strengthen the internal controls and financial management capacities of the implementing partners, and partners receive training on the anti-fraud policy and eligibility of expenses. The UNICEF Office of Internal Audit and Investigations conducts audits and investigations into allegations of misuse and reports received through a hotline. In cases of proven fraud or wrongdoing, sanctions and/or contractual remedies may be imposed on implementing partners, and recovery of funds is sought. An updated anti-fraud policy includes strengthened procedures for partner sanctions. Aid diversion is being mitigated by beneficiary verification mechanisms, supplying quantities based on average consumption numbers, prevention clauses in partnership agreements, training for partners and staff, regular inventory reconciliations, and increasingly with post-distribution end-user monitoring (with digitized real-time last mile information systems being piloted). Where needed, field presence and stock verification can be increased, and programmatic monitoring can integrate market scans. Aid diversion is also increasingly included in the scope of spot checks and audits, and incident reporting via partners and complaints and feedback mechanisms is promoted.

D. Risk of cyberattack and digital disruption

25. The risk that a cyberattack or disruption to digital systems underpinning UNICEF programmes and operations may take place is high, as the United Nations – and UNICEF specifically – are being increasingly targeted by more sophisticated, well-resourced and organized threat actors. These cyberthreats frequently range from phishing campaigns targeting UNICEF staff, deployment of ransomware, remote access tool kits and other forms of malware, as well as identity compromises and attempts to access protected resources and divert funds through impersonation. UNICEF heavily relies on digital systems globally, both in its operations as well as in its programmes to deliver results for children faster and at scale through technology and digital innovation. While improving efficiency, this dependency does create vulnerabilities to digital disruption that can be caused by infrastructure failures or data vulnerabilities. The global reach also introduces risks related to the partial availability of some of these systems in certain operating geographies due to commercial restrictions, or power and Internet outages. The rapid adoption of emerging technologies, such as artificial intelligence (AI), is also contributing to novel or not-yet-known security vulnerabilities. Generative AI is augmenting cybercriminal capabilities, contributing to an uptick in social engineering attacks and enabling more sophisticated and scalable attacks.

26. To manage this risk, UNICEF has an existing information security policy and programme, which includes recently improved threat detection and response capabilities, mandatory training and phishing simulation exercises, regular vulnerability scanning and penetration testing, and information security standards for various domains, such as information classification, access control, systems acquisition, development and maintenance, and security incident and business continuity management. Additionally, UNICEF launched a global cyber resilience initiative to assess and improve the cybersecurity posture in all offices across standard information and communications technology infrastructure and services, technology for development products and fundraising systems. The initiative aims to safeguard data integrity, ensure the continuity of digital operations and enhance the overall cybersecurity resilience against emerging threats. UNICEF has also prioritized governance, including policies and procedures, for digital transformation to mitigate the risks of disruption and to ensure that digital technologies are used responsibly. Offices also have business continuity plans in place to prepare for, respond to and recover from disruptive events, and they also conduct drills for cyberbreaches.

E. Risk of harm to individuals, communities and the environment

27. The risk that UNICEF presence, programmes and operations may be doing harm to individuals, communities or the environment is an inherent risk for the organization as it works in challenging operating environments with often vulnerable populations. Individual harm could be physical or psychological damage or impact, and could be caused by acts or omissions, including accidents and deaths, privacy or image rights violations, sexual exploitation and abuse and other safeguarding concerns. Staff, partners and programme stakeholders can also face security risks, personally identifiable data can be leaked or unnecessarily collected, or research design and methods for evidence generation can breach ethical standards. Innovative solutions and new digital tools such as AI promise great benefits to deliver results for children faster and at scale, but they could also expose children and programme stakeholders to privacy risks, harmful content and cyberthreats.

28. To manage this risk, a protection from sexual exploitation and abuse assessment is conducted for all prospective civil society implementing partners before a partnership is established, and capacity gaps are addressed within an agreed timeline.

A component on protection from sexual exploitation and abuse is included in all partnership agreements and programme documents, and programme staff are trained on the protection from sexual exploitation and abuse procedure for implementing partners. UNICEF approaches to safeguarding (including but broader than protection from sexual exploitation and abuse), environmental and social standards, and complaints and feedback management are supported by the adoption of new policies, procedures and guidance. In relation to vendors, UNICEF has developed materials to support staff in incorporating a risk-based approach to safeguarding into the contracting cycle and is developing additional safeguarding contractual clauses. The UNICEF complaints and feedback management system provides programme stakeholders with confidential and accessible channels to communicate their grievances, including incidents. Furthermore, a personal data protection policy establishes a framework for the processing of personal data throughout offices globally to ensure that privacy rights are honoured and data appropriately protected. As part of the new AI strategy, a risk taxonomy has been developed that can be used to identify unacceptable risks of harmful use that violate fundamental rights, as well as high-risk use cases that require specific remedial and monitoring measures.

F. Risk of diminished programmatic and child rights impact

29. The risk that the ability of UNICEF to deliver programmes, preserve long-term sustainable impact and uphold child rights may diminish is heightened with a general erosion of trust in multilateral institutions, the diminishing space for advancing child rights, an increasing politicization of aid, and the fact that two thirds of the child-related Sustainable Development Goals are still off track. The increase in earmarked grants poses risks to the ability of UNICEF to focus on key priorities within its core mandate, such as advocacy for child rights, and to provide predictable support with long-term system strengthening and sustainable development impact, rather than delivering short-term project-based outputs. Programme delivery may also become constrained due to a lack of financial commitments from government partners; a lack of national front-line capacity, such as community health workers, social workers and teachers; or conflict and lack of access to populations (see also section B above). Already-achieved development gains may see regression with an increase in humanitarian crises, conflicts, climate-related impacts and disease outbreaks, and when countries lose donor support and lack self-sufficient and sustainable systems and capacities to uphold child rights. Furthermore, an increasingly polarized environment makes it more complex to boldly and courageously defend, promote and protect the rights of all children everywhere, in accordance with the UNICEF mandate enshrined in the Convention on the Rights of the Child. While upholding the principle of neutrality, the reputational risks of speaking out publicly – including potential risks to on-the-ground presence, staff, partners, programmes and children – need to be carefully balanced with the risks of not (being perceived as) speaking out.

30. To manage this risk, standards, tools and systems are in place to monitor performance, track results and provide feedback for adaptive programming. The next Strategic Plan being developed considers prioritizing a small number of high-level impact targets, with focused commitment to their achievement. This requires delivering at scale towards outcome-level changes and working in concert with national Governments, the United Nations system and other partners, as well as leveraging resources for children, including through IFIs, domestic budgets and the private sector, influencing to advance child rights, and co-delivering with a coalition of partners. To protect gains and ensure continued impact in Africa, especially in the context of its demographic growth projections, the Africa Strategy of UNICEF focuses on accelerating human capital development for children and young people, enhancing resilience, humanitarian action and climate action for children, and

renewing commitments to child rights. Furthermore, UNICEF global communications and advocacy continue to elevate the positioning of child rights on the global stage, and UNICEF has issued internal guidance on speaking out on grave and serious violations of child rights based on risk-informed decision-making and assessing the various public and private routes for speaking out that take into account potential risks. UNICEF also continues to invest in national systems strengthening in order to ensure sustainability.

V. Risk appetite

31. Like every organization, UNICEF needs to take risks to achieve its ambitious objectives and, to fulfil its mandate, it is required to work in uncertain and risky environments. Some objectives can only be achieved by taking calculated and carefully managed risks, and sometimes the greatest risk is inaction. UNICEF therefore cannot afford to be risk-averse at the expense of children missing out on critical support.

32. Clarity on risk appetite – the amount of risk an organization is willing to take, accept or tolerate to achieve its goals – is needed to limit excessive and unnecessary risk-taking as well as to overcome undue risk aversion that can impede progress and success. The purpose of risk management is to enable necessary risk-taking by providing tools to safely face risks and confidently take risks required to deliver results for children. While unnecessary risks should not be taken, risk management is not about avoiding or eliminating all risks at all costs. Effective risk management seeks to optimize potential outcomes by balancing risks versus rewards and weighing the costs and potential benefits of risk mitigation.

33. UNICEF embraces the need to take risks to fulfil its mandate, achieve its ambitious mission and secure success in its work for every child – recognizing that the biggest risk is not reaching children. UNICEF is, in general, willing to face and take risks that are required to deliver results for children, while ensuring robust risk management systems are in place to proactively identify, manage and monitor those risks to ensure that they stay within the agreed risk appetite and the benefits continue to outweigh the risks.

34. UNICEF acknowledges the risks inherent in its operating and delivery model, having highly decentralized operations with field-based presence in over 190 countries and territories, reinforcing the primacy of the country programme and ensuring that decision-making authority and accountability are close to the point of programme implementation. Furthermore, UNICEF is entirely voluntarily financed with limited flexible funding and works predominantly through many implementing partners and Governments outside of its direct control.

35. UNICEF also acknowledges the risks inherent in its business, which requires a high level of ambition and innovation to accelerate progress towards achievement of the Sustainable Development Goals and to reach the most vulnerable and excluded populations in challenging settings. This furthermore requires a balance between addressing immediate (humanitarian) needs and securing long-term sustainable results when programming across the humanitarian-development-peace nexus. Development aid requires working through often suboptimal country systems while providing highly catalytic support to ensure country ownership and sustainability and to drive change at scale. In achieving systemic changes, UNICEF relies on concerted action from multiple stakeholders – national and local governments, the United Nations system and other international organizations, civil society, communities, businesses, caregivers and families, children and young people.

36. UNICEF furthermore acknowledges that it needs to operate in increasingly complex and unpredictable operating contexts as a result of the relentless surge in emergencies and humanitarian needs. Today's volatile world is facing increasingly severe (geo)political divides, conflict, natural disasters due to climate change and economic uncertainty. This comes with increased levels of risk, while equally complicating risk mitigation, monitoring and assurance activities due to increased security and access limitations. In humanitarian responses, in particular, the principal risk is any action or inaction that results in a failure or delay in saving lives, alleviating suffering, maintaining human dignity and protecting the rights of children and their families affected by humanitarian crises – while avoiding any action or inaction that contravenes international humanitarian law or the humanitarian principles of humanity, impartiality, neutrality and independence, and any action or inaction that puts individuals and the affected population at risk (the principle of “do no harm”).

VI. Risk management capabilities

37. At its annual session of 2024, the UNICEF Executive Board received an overview of the new vision and implementation strategy for an evolved enterprise risk management framework (see the figure below). This aims to bring risk management to its next level of maturity and positions it as a proactive management tool and an enabler for delivery in an uncertain and volatile environment. Since then, progress has been ongoing across all pillars.

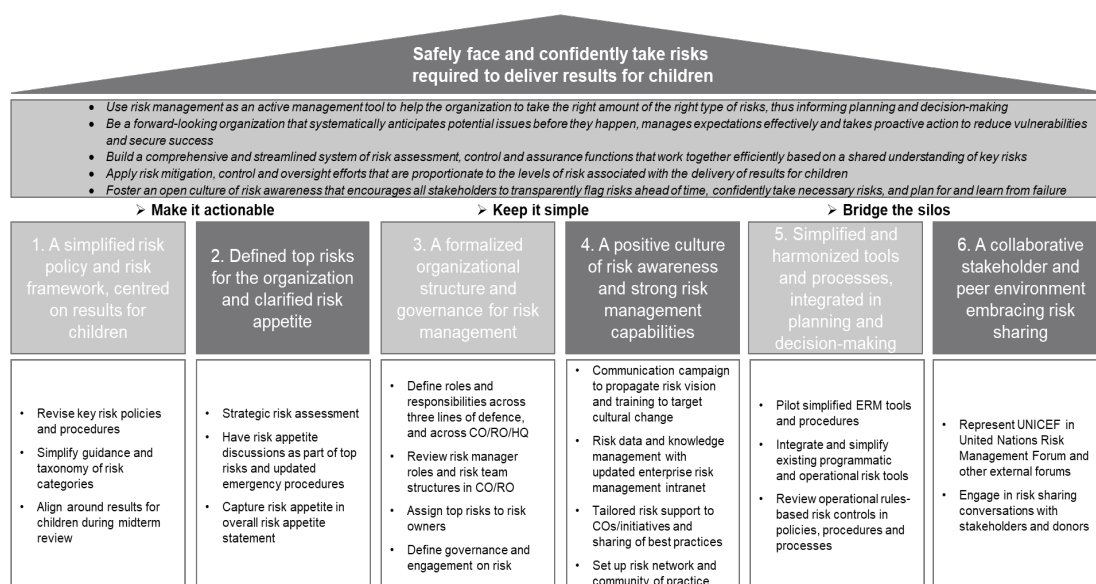
38. Following endorsement of the corporate vision, work is under way to review and update key risk policies and procedures to simplify, harmonize and bring them in line with the new vision. This will result by mid-2025 in an updated overall risk policy, setting out common principles and the overall approach to risk, and including a simplified risk taxonomy and a risk appetite statement. It will form the umbrella policy for several other policies and procedures for specific risk areas, such as safeguarding, anti-fraud and emergency preparedness.

39. Strategic top risks, as described in this paper, have been defined based on risk reporting from country offices and divisions as part of their annual risk assessments, as well as a survey on strategic risks shared with all heads of office, selected interviews with senior management, consultations with internal audit and evaluation colleagues, and discussions in the Senior Management Risk Committee. An initial risk appetite statement has been developed and will be included in the updated risk policy and operationalized through operational guidance and training. It is expected to be continuously refined based on learning from deep dives on top risk areas and as the risk landscape of UNICEF evolves.

40. The role of the Executive Board in risk oversight has been established through this document, the annual report on the risk profile of UNICEF. Responsibilities for risk management are included in the UNICEF accountability framework and will be incorporated in the new risk policy. The Senior Management Risk Committee, bringing together a cross-disciplinary group of senior leaders, continues to meet regularly. The Chief Risk Officer is also a member of risk-related governance groups such as the Innovative Finance Committee, the Insurance Survey Board and the Digital Transformation Board. Furthermore, existing risk-related roles and risk governance mechanisms across all levels of the organization have been reviewed, based on inputs from regional offices, divisions and benchmarking with other United Nations agencies. Options have been defined for establishing regional and local risk committees (where not yet in existence and where feasible) and/or standing items on risk in existing management team meetings, as well as for more dedicated risk management roles that are distinct from existing roles focusing on compliance,

assurance and oversight, and for integrated risk units, connecting the dots across several specialized risk areas.

Enterprise risk management 2.0 vision and implementation strategy



Legend: CO: country office; ERM: enterprise risk management; HQ: headquarters; RO: regional office.

41. The new risk vision has been presented to leadership teams at several regional and country-level management team meetings, as well as during the orientation for new senior leaders. A new intranet page and a comprehensive communication strategy are being developed, and the first cross-divisional risk managers network has been established for safeguarding and ethics-related risk roles. The Chief Risk Officer also actively engages in other networks and working groups – such as on the AI strategy – to provide the risk lens and regularly provides tailored risk management support to country and regional offices with specific needs.

42. Existing programmatic and operational risk management tools have been mapped and workshops and discussions are taking place to drive integration, interoperability and simplification across risk-related tools, methodologies and requirements. Options to simplify the existing digital tool for enterprise risk management are also being reviewed, including via an ongoing pilot of a new risk register template for annual risk reporting by offices and divisions.

43. UNICEF continues to be an active participant in external risk management forums, such as the United Nations Risk Management Forum of the High-level Committee on Management, which examine shared risk areas and exchange risk management practices across United Nations agencies. UNICEF also engages in broader risk-sharing conversations, e.g. as part of the Risk Sharing Platform for signatories to the Grand Bargain, and with specific donors, public-private partnerships and IFIs, with the aim of managing expectations on inherent risks that may materialize based on a common risk appetite and to avoid transfer of risks across the delivery chain.

VII. Draft decision

The Executive Board

Takes note of the annual report on the risk profile of UNICEF ([E/ICEF/2025/25](#)).
