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STRATEGY, PLANNING AND REFORM

Assessment of risks as envisaged by resolution A.1013(26)

Note by the Secretary-General

SUMMARY

Executive summary: This document updates the Council on the current situation regarding the assessment of risks as envisaged by resolution A.1013(26) and the guidance requested from the Council by the Ad Hoc Working Group on the Organization's Strategic Plan in order to steer it in the development of guidance to those undertaking such a risk assessment

Strategic direction: 4

High-level action: 4.0.4

Planned output: 4.0.4.2

Action to be taken: Paragraph 6

Related documents: Circular letter No.3260; resolution A.1013(26); C/ES.26/D; C/ES.26/3 and CWGSP 12/8

Introduction

1 The Council will recall that, at its 106th session, it tasked CWGSP 12 with developing the methodology in the Organization's Risk Management Framework (RMF) to allow its application beyond the scope of corporate governance, recognizing in particular that the Guidelines on the application of the Strategic Plan and the High-level Action Plan of the Organization (the "GAP") contained in resolution A.1013(26) (as updated in Circular letter No. 3260) includes explicit linkages to the RMF, and noting the previous advice of the Council Risk Review, Management and Reporting Working Group (CWGRM) that the methodology contained in the RMF would require modification in order to be applied as envisaged by the GAP.

2 The Secretariat prepared document CWGSP 12/8 to provide the Ad Hoc Working Group on the Organization's Strategic Plan (CWGSP) with options to consider when developing such a methodology. The Working Group had an extensive discussion on the issue, the key points of which are summarized in C/ES.26/3 (paragraphs 22 and 23). While recognizing the need for further guidance for those required to conduct an analysis of risk by

resolution A.1013(26) to ensure that such analyses are conducted in a consistent manner, the Group requested further advice from the Council on the scope of the exercise in order to steer it in the development of the necessary guidance, with two specific points requiring clarification:

- .1 whether such guidance should be applied to unplanned outputs only, or also to the analysis and prioritization of proposed planned outputs; and
- .2 whether the guidance developed should be for the use of the proponent of unplanned outputs, for the committees in their review of proposed unplanned outputs, or both.

References in the GAP to use of the RMF

3 In considering the questions posed by CWGSP, the Council may wish to note the references made by the GAP to the RMF as they relate to these two. The RMF is mentioned in four instances in the GAP in footnotes stating: "Refer to the IMO Risk Management Framework (C 100/3(b), appendix 1)." Those footnotes have been placed in the following sections:

1. **Section 3 – 'Purpose, Aim and Objectives'** – paragraph 3.4, reading as follows:

"Nothing in these Guidelines should prohibit the Organization from taking immediate action on urgent matters if the risk of not acting will adversely impact on the Organization's ability to meet its objectives."

2. **Section 5 – 'Strategic Planning Processes: High-level Action Plan'** – paragraph 5.6.4, the relevant part reading:

"5.6 Decisions on the inclusion of planned outputs in the High-level Action Plan for the coming biennium should be guided by the strategic directions and high-level actions established in the Strategic Plan and the High-level Action Plan, and should take due account of:

- .4 the potential adverse impact of a decision as to whether or not to include an output on the ability of the Organization to meet its objectives."

3. **Section 8 – 'Unplanned Outputs'** – the RMF is referenced in both paragraphs 8.1.4 and 8.6.11. Firstly, the relevant part of paragraph 8.1 reads:

"8.1 All IMO organs, in determining inclusion of unplanned outputs, should at all times be guided by the strategic directions and high-level actions established in the Strategic Plan and the High-level Action Plan for the Organization, and should in particular take due account of:

- .4 the potential adverse impact of a decision as to whether or not to accept a proposal for inclusion of an unplanned output on the ability of the Organization to meet its objectives."

4. **Section 8 – 'Unplanned Outputs'** – The second reference made in this section is in paragraph 8.6, the relevant part reading:

"8.6 Before deciding to include an unplanned output in its biennial agendas, the IMO organ concerned should carry out a comprehensive and thorough assessment of such proposals. The assessment should at least include a test against the following criteria:

- .11 Would a decision not to accept the proposal pose an unreasonable risk to the Organization's overall objectives?"

4 It may therefore be noted, from the references made to risk management in the GAP as currently adopted, that:

- paragraph 5.6.4 implies the application of the RMF to the process of developing the HLAP itself and, therefore, its application to the analysis and prioritization of proposed planned outputs, as well as unplanned outputs; and
- sections 5 and 8 refer to the application of the RMF by the relevant IMO organs.

5 The Council may also wish to note that the submission to be made by the proponent of an unplanned output under the GAP should include at least the information set out in annex 4 to the GAP. Accordingly, the Council should consider whether such a submission implies or requires the use of risk management techniques.

Action requested of the Council

6 The Council is invited to:

- .1 note the information contained in this document;
 - .2 advise the CWGSP whether the guidance to be developed should be applied to unplanned outputs only, or also to the analysis and prioritization of proposed planned outputs; and
 - .3 advise the CWGSP whether the guidance developed should be for the use of the proponent of unplanned outputs, for the committees in their review of proposed unplanned outputs, or both.
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