

United Nations Economic Commission for Europe

**OUTCOME OF THE
CONFERENCE ON RISK ASSESSMENT AND MANAGEMENT ***
(Geneva, 24 and 25 November 2009)

**Event organized by the UNECE Working Party on Regulatory Cooperation and
Standardization Policies**

*** A preliminary version of this text was circulated on 18 December 2009**

The conference addressed the principal components of risk management:

- risk identification
- risk assessment
- determination and implementation of risk management strategies
- risk communication.

It discussed these issues within the context of the activities of policymakers, intergovernmental organizations, standardization bodies, technical regulation authorities, conformity assessment bodies and business companies.

Policymakers standardization bodies technical regulation authorities

Policymakers and technical regulation authorities are responsible for identifying and addressing public risks – i.e. risks that may have an undesirable impact on society - in a systemic way. This includes taking decisions on the following:

- (a) Acceptable level of risks, with due consideration of the costs and benefits of risk mitigation for different societal groups. Additional costs should not be imposed simply because an increased level of security is technically possible;
- (b) Responsibility of different stakeholders for the management of risks.

Standards developed and maintained by standardization bodies, play a key role in mitigating risks of all types. They also assist in addressing global challenges and core policy interests, and enable organizations to systematically integrate the management of risks into their overall strategies, policies, values and culture.

Regulatory goals for appropriately addressing and mitigating risks cannot be met unless all stakeholders are actively involved. These include business operators, conformity assessment bodies, market surveillance authorities and consumers.

Risk management in the activities of intergovernmental organizations

The World Trade Organization Agreements on Sanitary and Phytosanitary Measures (SPS Agreement) and on Technical Barriers to Trade (TBT Agreement) provide, for all WTO members, a framework and policy principles in which national technical regulations are developed. Risks assessment has a well-defined role in the SPS agreement and its importance in the context of “good regulatory practice” is also recognized.

Work under way in the Organisation for Economic Co-operation and Development shows that risk assessment is one essential element in the policy frameworks of the Organisation's members, specifically in regulatory impact assessment.

Various regional organizations have developed approaches that ensure proportionality between risks and regulatory response. In the European Union, for instance, risk assessment forms part of the impact assessment that precedes new legislation.

Intergovernmental organizations consider risk management to be an important methodology. A number of issues need to be addressed to make it more effective, including how to establish common methods for risk identification, determination of the level of criticality, and risk communication.

Risk management in legislative and regulatory activities

Technical regulations, together with voluntary standards, contribute to ensuring the safety of products and services and the stability of processes within organizations.

A basic distinction was drawn between two different types of regulatory frameworks:

- (a) goal-setting regulations set a goal – while leaving economic operators select their preferred means of attaining it;
- (b) prescriptive regulations that instead set specific requirements, which can be:
 - (i) risk-based: requiring the operator to analyse unintended events that might occur and take appropriate measures to prevent their occurrence and minimize their consequences;
 - (ii) deterministic: setting precise and mandatory safety measures.

In many countries, regulators are moving towards goal-setting regulations and away from deterministic ones. Risk-based regulations may be perceived as shifting the responsibility of a decision on what is an “acceptable risk” to operators, and away from legislators. National authorities are increasingly aware of the need for proportionate management of risks in the development of technical regulations to achieving a balance between core policy concerns and business efficiency. They perceive a need for further assistance in the following:

- Identifying risk factors linked to consumer product safety
- Estimating the frequency and seriousness of exposure
- Developing risk profiles

- Systematic collection, registration and analysis of data
- Allocation of responsibilities for risk management among competent authorities.

The predictable and consistent implementation of regulations requires close collaboration among all stakeholders. A common understanding of risks and risk management tools is therefore essential.

Risk management in business

Business operators play a key role in preventing events that could compromise business efficiency and at the same time have undesirable consequences on workers, on communities living close by, on the natural environment and on society. They have longstanding expertise in implementing consistent and professional risk management.

This expertise is embodied in standards (ISO 31000, ISO 14000 series, ISO 9000 series, ISO/IEC 27000) that come from different spheres and address different components of business risks, including operational, environmental, occupational health and safety, information security and financial ones.

Standards help improve the managerial control of risks within all organizations. However, they are not yet being implemented either generally or systematically and are not being perceived as a tool to achieve an organization's objectives and mission, even when this is clearly the case.

Wider implementation of professional risk management in companies and organizations of all types will require actions by all societal stakeholders and can be promoted by fostering:

- exchange of best practice
- better managerial and professional education on all aspects of risk management, including standards
- more extensive implementation of specific processes and tools for addressing different types of risks
- a cultural shift in the attitude of management, by consumers and the civil society towards risks.

Risk management in conformity assessment and market surveillance

Conformity assessment contributes to managing risks while facilitating trade, and helps in managing supply chains effectively. Risk assessment is therefore an integral part of conformity assessment of products and of certification of firms according to risk management standards. However, the certification of a product or process is no guarantee for its safety, also due to the pervasiveness of fraud.

Effective use of risk management tools helps market surveillance authorities and conformity assessment bodies attain desired objectives such as the protection of health, safety, and the natural environment as well as other core policy interests, while minimizing the costs and disruptions to business of tests and controls.

Risk assessment is of particular importance to market surveillance authorities when they cannot rely on existing standards. It also helps them to assess whether non-compliant products pose a threat. International data banks on accidents and other undesirable consequences should be further developed, as they are extremely useful in risk assessment. and should be further developed

Risk communication

Risk communication ensures an effective relay of responsibilities between authorities and economic operators, as well as among the different market surveillance authorities responsible for different economic sectors, or different regions within one country, and at the international level.

EU Member States, for instance, cooperate within the Product Safety Enforcement Forum of Europe (PROSAFE) to draw up best practice in risk assessment and management. And countries in the Commonwealth of Independent States also are developing joint action to counter the proliferation of hazardous goods. A key challenge is how to make information from the data banks accessible to external users with due consideration for confidentiality.

Countries need to develop an effective national strategy for communication, targeted to different groups of people, making use of the most efficient communication channels. Communication should proceed in a stepwise manner – one doesn't reach everyone simultaneously but should deliver the messages in an optimal sequence and language.

Recommendations to the Working Party on Regulatory Cooperation and Standardization Policies

1. The Working Party should support already established cooperation in the area of risk assessment and management between authorities and stakeholders concerned and encourage further cooperation to achieve a shared regulatory framework, i.e. one that meets societal demand without stifling innovation or creating technical barriers to trade.
2. The Working Party should continue the dialogue among stakeholders to build an effective regulatory framework – including a common language– to address risks related to products, process and production methods, and to develop best practices in the management of hazards that could cause harm or damage to people, the environment, property and immaterial assets.
3. To this end, the Working Party should consider establishing a Group of Experts on Risk Assessment and Management, the mandate to be given to such a group, including the priorities related to WP.6 work areas.