Economic Commission for Europe
Committee on Trade
Working Party on Regulatory Cooperation and Standardization Policies

Twenty-first session
Geneva, 7-9 November 2012
Item 4 of the provisional agenda

Risk management in regulatory systems

Report on the activities of the Group of Experts on Risk Management in Regulatory Systems

Note by the secretariat

Summary

At its twenty-first session, the Working Party approved two recommendations developed by the Group of Experts on Risk Management in Regulatory Systems: “Managing Risk in Regulatory Framework” (Recommendation “R”) and “Crisis Management within a Regulatory Framework” (Recommendation “P”). It also approved the Group’s priorities and the plan of work for 2012. (see: ECE/TRADE/C/WP.6/2010/5).

This document (a) presents the main results achieved by the Group as of August 2012, (b) provides details of the Group’s activities and meetings, (c) reports on the progress in the completion of the project plan approved by the Working Party at its twenty-first session, (d) presents priorities and a plan of work for 2013 and (e) discusses the major risks faced by the Group.

An annex includes the names of the individuals and organizations that have participated in the work of the Group.

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1 At its twentieth session, the Working Party established a Group of Experts on Risk Management in Regulatory Systems and adopted its terms of reference, and requested it to report on activities to the Working Party (ECE/TRADE/C/WP.6/2010/2 para.9).
I. General information on the Group, and main accomplishments

1. The main results of the activities of the Group of Experts on Risk Management in Regulatory Systems in the years 2011-2012 are as follows:

   (a) Two recommendations, approved at the twentieth annual session of the Working Party:


      (ii) A specific recommendation, which describes one of the functions of the risk-management process, as defined in the general recommendation “Crisis Management within a Regulatory Framework” (Recommendation “P” www.unece.org/fileadmin/DAM/trade/wp6/Recommendations/Rec_P_Eng.pdf);

   (b) The publication Risk Management in Regulatory Frameworks: Towards a Better Management of Risks;

   (c) Analysis of a number of legislative texts that regulate the electrical appliances sector in different jurisdictions from the perspective of the risk management framework;

   (d) Development of a draft recommendation on improving consistency of application of risk management concepts in legislation;

   (e) Participation in the work on the OECD Working Party on Consumer Product Safety and participation in the Workshop on Product Risk Assessment (Tel Aviv, April 2012);

   (f) Participation in the work of the ISO TC 262 Project committee: Risk management (participation in the meetings of the TC in London, October 2011, and Dublin, February 2012);

   (g) Awareness-raising activities, including through social media and by participating in the “First international conference on ISO 31000” (Paris, March 2012).

2. The Group continues to function on the basis of:

   (a) Broad and diversified membership, with representation of different geographical and economic regions, as well as of different areas of competence and end-users’ interest;

   (b) An e-mail list server and an interactive website;

   (c) Technology and rules of procedures that permit efficient organization of the work of the Group despite the limited secretariat resources;

   (d) Ongoing webinars and face-to-face meetings.

3. The Group also benefits from the results of the previous activities of the Working Party related to risk management in regulatory systems. The
most important milestones of the risk-management work of the Working Party are described in document ECE/TRADE/C/WP.6/2011/3.

II. Members and representation

4. In 2012, the Group welcomed two new members. Twenty-seven experts now participate in the Group. Members represent the following areas of competence:

• planning, developing and implementing technical regulations
• choosing and implementing conformity-assessment procedures
• cooperation among business companies and regulators
• risk-management methodologies and standards
• project management.

5. The work is coordinated by Messrs. Donald Macrae and Valentin Nikonov.

6. The coordinators are responsible for:

• preparing and keeping up-to-date project plans
• identifying project risks
• project communication, including maintaining the website
• consolidating information required for developing the recommendations
• internal reporting, including reporting to the secretariat
• other functions as required.

7. The updated list of members is attached to the present report as an annex, and can also be found on the website.

III. Summary of webinars and meetings

8. Monthly webinars and electronic data exchange are the usual means of communication in the Group. The Group held seven webinars between March 2011 and November 2011 (see ECE/TRADE/C/WP.6/2011/3), and four between November 2012 and August 2012, the reports of which are available on the website (see http://live.unece.org/trade/wp6/riskmanagement.html).

9. At its eighth webinar, held on 8 December 2011, the Group discussed the results of the twenty-first annual session of the Working Party. It continued to work on the text of the Recommendation R, which had been approved by the Working Party under the assumption that all remarks expressed by the delegates at the session would be taken into account. The Group approved the publication Risk Management in Regulatory Frameworks: Towards a Better Management of Risks. It also started a discussion on its plan of work for 2012, given the anticipated limitations in the resources of the secretariat of the Working Party. It decided to initiate the work on a specific recommendation on applying risk management to
establishing equivalence of regulations and to apply the general recommendation to the analysis of legislation in a specific sector of economic activity.

10. At its ninth webinar, held on 6 February 2012, the Group discussed a Recent Opinion by the EU Scientific Committee on “Improvement of Risk Assessment in View of the Needs of Risk Managers”. The Group agreed on comments that could be sent to the EU and asked the secretariat to prepare a draft note. The draft note was prepared, but it was not submitted, because it was impossible to process the document within the submission deadline. The Group agreed, referring back to discussions held during the previous webinars, that the experience of New Zealand in regulating electrical appliances provided good grounds to start a discussion on the application of Recommendation R. The Group decided to start working on a comparative analysis of the legislation of New Zealand and the EU in the sector of electrical appliances through the lens of the reference model presented in Recommendation “R”.

11. At the tenth webinar, held on 18 April 2012, the Group discussed the results of the exercise aimed at performing comparative analysis of legislative texts of two countries establishing regulatory frameworks for a given sector against the reference model described in Recommendation R. The objective of this exercise was to develop specific recommendation on how to apply the general recommendation within a given economic sector. Results of the analysis helped to identify some particular areas in which the consistency of description of risk-management frameworks of different countries can be improved. The Group decided that developing a draft recommendation can help including risk-management international regulatory cooperation activities and agreed to start working on the draft. The Group agreed to continue this discussion at the next webinar.

IV. Progress in the completion of the initial plan

12. The following table provides information on when and how each of the tasks listed in the plan of work for 2012 (contained in ECE/TRADE/C/WP.6/2011/3) was performed and what the result was. It explains why certain tasks were not accomplished, suggests moving some tasks to other periods or deleting them from the plan.

<table>
<thead>
<tr>
<th>Tasks and deadlines, as originally planned</th>
<th>Results/Comments</th>
</tr>
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<tbody>
<tr>
<td>Stress-testing recommendations and reference models</td>
<td>The Group performed the analysis of several legislative texts against the reference models; one of the purposes of the analysis was to stress-test the recommendations.</td>
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<tr>
<td>Applying recommendations to perform legislation analysis in the sectors considered as of high priority</td>
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<tr>
<td>Performing the field work:</td>
<td>The Group submitted several business proposals but didn’t have sufficient resources to invest into fundraising activities, trainings and forums.</td>
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<tr>
<td>• Fundraising;</td>
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<tr>
<td>• Running risk forums and trainings (see para 12);</td>
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<tr>
<td>• Preparing reports on best practice and problems to be solved.</td>
<td></td>
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<tr>
<td>Tasks and deadlines, as originally planned</td>
<td>Results/Comments</td>
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<tr>
<td>Developing specific recommendations (on how to perform risk management functions, such as risk identification, risk analysis and evaluation, etc.)</td>
<td>The draft of a specific recommendation on consistency of legislation was presented at the 11th webinar of the Group. The Group didn’t make substantial progress in developing a recommendation on equivalency of regulations on the basis of risk management.</td>
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<tr>
<td>Running pilot implementation projects</td>
<td>Implementation projects can be performed only if fundraising activities are successful.</td>
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<td>Updating the recommendations and intergroup approval</td>
<td>The Group plans to discuss a new specific recommendation during one of its webinars in October, 2012.</td>
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<tr>
<td>Approving recommendations</td>
<td>If approved within the Group, a new recommendation will be presented at the Group’s twenty-second annual session.</td>
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**Stage 4: Promotion and implementation, November 2013**

- Promoting the recommendations: November 2013
- Presenting the feedback: November 2013

### V. Priorities and the plan for 2013: implementing recommendations

<table>
<thead>
<tr>
<th>Tasks and deadlines, as originally planned</th>
<th>Results/Comments</th>
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| Developing a draft recommendation on applying risk management to evaluating equivalency of regulations | March 2013  
The task will imply analysing various approaches on evaluating equivalency of regulations and developing innovative risk-management tools that can be used for this purpose. |
| Finalizing the recommendation aimed at improving consistency of risk-management legislation | March 2013  
The task will imply analysing various approaches on evaluating equivalency of regulations and developing innovative risk management tools that can be used for this purpose. |
| Fundraising | March 2013 |
| Performing the field work:  
  - Running risk forums and trainings;  
  - Preparing reports on best practice and problems to be solved. | June 2013  
Organizing risk forum and training sessions can be perceived as first steps in projects for implementing of the recommendations. It will allow the reference models to be presented and the changes (to the model or to the process) to be analysed with |
<table>
<thead>
<tr>
<th>Tasks and deadlines, as originally planned</th>
<th>Results/Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developing specific recommendations (on how to perform risk-management functions, such as risk identification, risk analysis and evaluation)</td>
<td>July 2013</td>
</tr>
<tr>
<td>Running pilot implementation projects</td>
<td>September 2013</td>
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<tr>
<td>Updating the recommendations and intergroup approval</td>
<td>October 2013</td>
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<tr>
<td>Approving recommendations</td>
<td>November 2013</td>
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<tr>
<td>Promoting the recommendations</td>
<td>November 2013</td>
</tr>
<tr>
<td>Presenting the feedback</td>
<td>November 2013</td>
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VI. Main risks

13. The main risks for the successful completion of the project include:
   - insufficient funding for the organization of the work and for the field work
   - poor management of the project
   - lack of UNECE resources (since one of the posts is abolished)
   - lack of cooperation from UNECE member States
   - lack of government representation.
Annex

List of members (as of 21 August 2012)

Chairperson

Kevin Knight (Chair, Technical Committee 262: Risk management, International Organization for Standardization)

Coordinators

Donald Macrae (Independent consultant)
Valentin Nikonov (Quality manager system auditor, Project Manager Professional (IPMA))

Active members

Alberto Alemanno (Associate Professor of Law, HEC Paris, France)
Lorenzo Allio (Independent Consultant on Regulatory Reform and Risk Regulation, and representative of the European Risk Forum)
Gabriel Barta (International Electrotechnical Commission)
Florentin Blanc (The World Bank Group)
Bo Yumin (National Accreditation Service for Conformity Assessment, China)
Ronald Cormier (Fisheries and Oceans Canada, Canada)
A.M. Dolan (University of Toronto, Canada)
Graeme Drake (Committee on conformity assessment, International Organization for Standardization (ISO))
Valery Hurevich, (Belarusian State Institute for Standardization and Certification (BelGISS), Belarus)
Phil Kelly (Liverpool Business School, United Kingdom)
Sean MacCurtain (Secretary, Committee on conformity assessment, International Organization for Standardization (ISO))
Peter Morfee (Ministry of Economic Development, New Zealand)
Greg Paoli (Risk Sciences International, Canada)
Massimo Polignano (Esaote, Italy)
Christophe Renard (Cotecna, Switzerland)
Mikhail Rogov (RusRisk, RusHydro, Russian Federation)
Dan Roley (Caterpillar, United States)
Marc Schaedeli (Group for Risk Management, Nestlé)
Paul Taylor (Federation of European Risk Management Associations (FERMA), United Kingdom)

Olivier Testoni (International Telecommunication Union)

Jan van Tol (Ministry of Interior and Kingdom Relations, Netherlands)

Simon Webb (The Nicholas Group, United Kingdom)

Carolyn Williams (Institute of Risk Management, United Kingdom)