



nichols

Sustainable Development Goals and Regulation: Go after the biggest risks – often poor governance

UN Economic Commission for Europe: Group on Risk Management
21 February 2017

About Nichols



nichols

- For over 40 years Nichols has brought project management to iconic mega projects and programmes in a wide range of industries.
- Nichols specialises in achieving transformational change at a strategic level, often advising decision makers in Government.
- Our work has been instrumental in the successful development and delivery of some of the largest projects and programmes in the UK and globally.
- We bring vision to reality, using strategic knowledge and unique expertise, working with our clients to make a real difference, add significant value and ensure success.

The problem



nichols

- The right regulation is hard to deliver promptly.
- It is regularly decided by bodies focused on other issues, usually economic.
- It often involves overlapping, even competing, bodies (see the “horrendogram”) and lengthy and complex decision-making.
- Reconciling different bodies’ outlooks means returning to capitals.

Strategic risk – a fresh approach



nichols

Nichols experience is that for any organisation to become truly risk competent:

- its risk management function must become central to strategic control, have legitimate authority to challenge plans and the power to shape strategy.
- the primary focus of risk management must be the direct support and facilitation of good decisions - taking account of the unique history, culture and strategy involved.
- lower level decision-making bodies must be aligned with overarching goals.
- This applies to Sustainable Development as much as to a business or national project.

Ship pollution



nichols



The MARPOL case



nichols

- The International Maritime Organisation was created as autonomous Agency of the United Nations in 1950 with regulatory powers.
- It began with a focus on shipping and did good work on safety.
- In the 1970s, Maritime Pollution regulations were introduced (MARPOL), proportionate and successful in their era.
- To update standards, the agreement of over 50% of the members (measured by tonnage of flagged vessels) is needed.
- Most shipping is now flagged in convenience states which prioritise costs over eco-system issues; progress in further pollution control has been slow, 15 years on sulphur.

A high risk occupation



nichols



High risks for the ecosystem and fishing crews

Financial pressures drive major risks into commercial fishing:

- to fish in bad weather and remote areas, and to conceal their positions hindering rescue
- to seek larger catches than is desirable for fisheries management

These factors combine to:

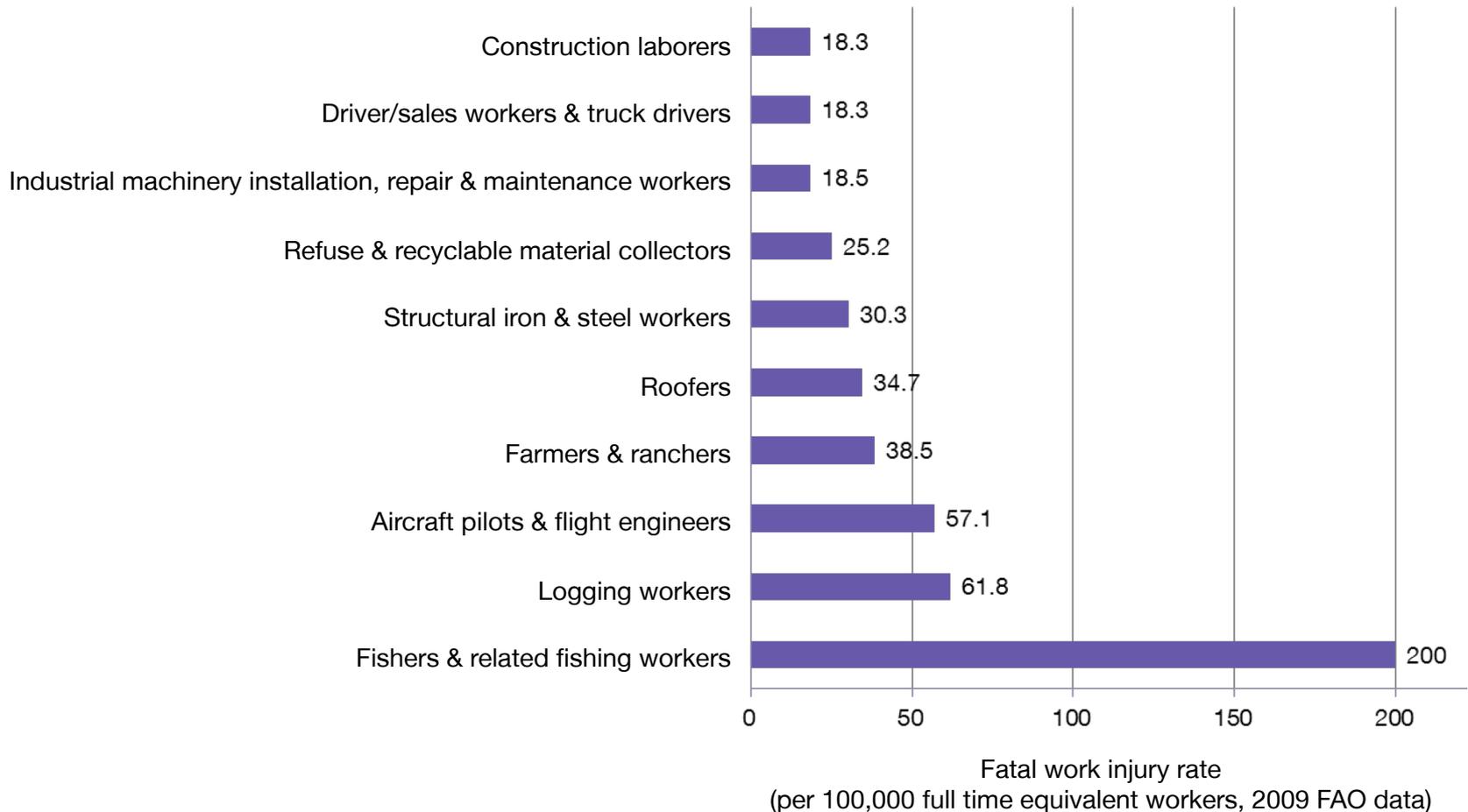
- deplete fish stocks
- result in more accidents to seafarers

Overfishing by large developed world fleets deprives fishing communities in developing countries of their livelihood, a cause of poverty in coastal areas.

Fishing is the most dangerous occupation



nichols



Other roots of risks to fishing crews



nichols

- The International Labour Organisation (a UN agency with a labour union background) focuses on large ships operated internationally by major companies.
 - There is little representation or regulation for fishing crews from developing countries.
 - Two other UN Agencies are involved with differing objectives
- Major countries are often not interested in preserving fisheries away from their local areas and don't like loss of coastal areas to aquaculture.
- Macho culture amongst traditional fishing areas; but declining populations mean more recruits from elsewhere.

Preventing coastal nuclear contamination



nichols

- The tragic Fukushima disaster illustrates the special vulnerability of coastal and inshore maritime to contamination from nuclear releases. Most nuclear plants are sited close to the sea. This was reflected in the key discussions on SDGs being held nearby at Sendai.
- In the UK we had similar experiences after a fire at a nuclear plant in the 1950s which harmed fish stocks for over 10 years.
- Lessons of such incidents has shown that better decision making after these incidents began, could have greatly reduced the quantity of nuclear material released and its impact on coastal areas. The key lesson is to improve governance.

Land use planning for important schemes



nichols

UK system became log-jammed with local objectors delaying national schemes (e.g. small transformer schemes in electricity grids) Worst feature was delay, 4 years for a port scheme, then refused.

New Planning Act 2008:

- central Government “National Planning Statement” by type Ports, Roads, Electricity Generation and Waste; consultation and Parliamentary vote
- On specific schemes, wide local consultation to which the developer must reply
- Planning Authority must decide within 12 months ,and can direct social remediation; Minister in 3 months

Effect has been increased community engagement in early phases, faster decisions but some investor reluctance to fund before “planning consent”.

Ideas for new approaches



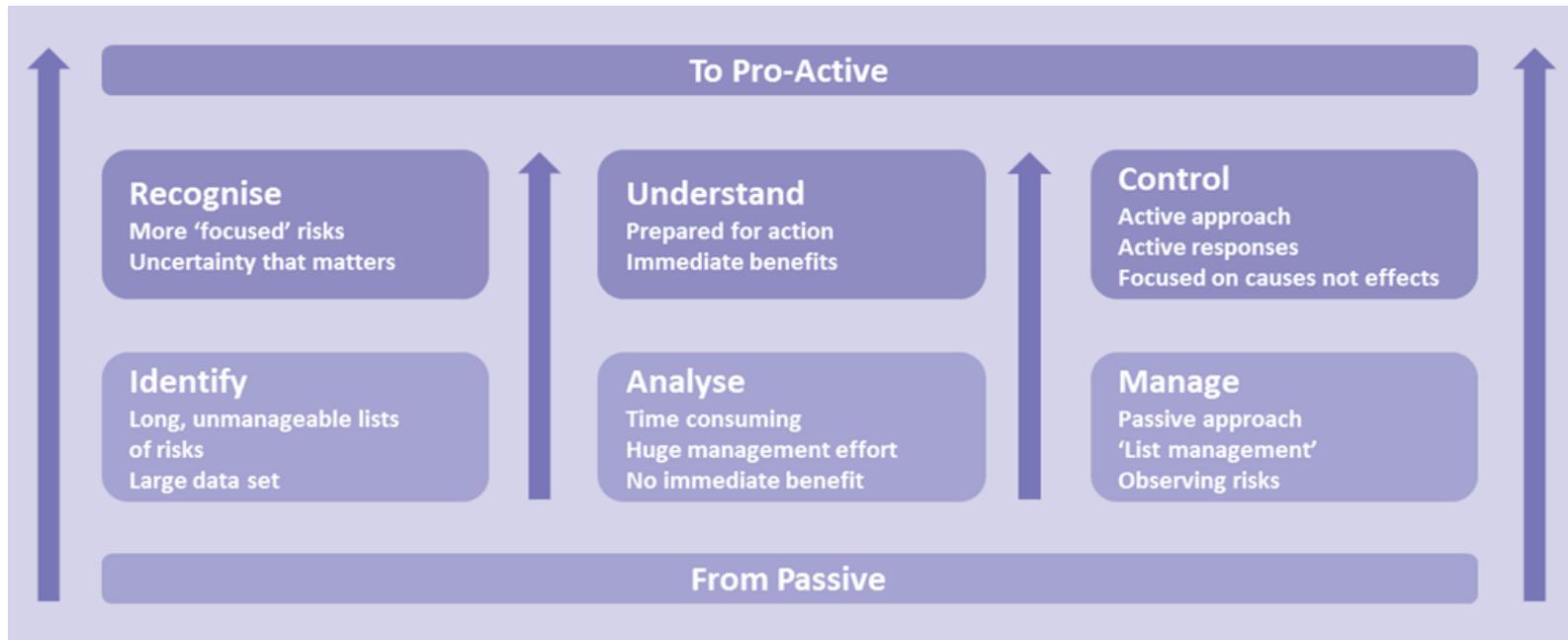
nichols

- The United Nations should try to achieve more coherent delivery, based on risk measurement, campaigning to make its subsidiary agencies more responsive to SDGs.
- The risk community should focus less on fine tuning the familiar areas where regulation is already in place.
- Instead, it should focus on the **biggest** risks to ecosystems and other goals:
 - commercial fishing poses risks for SDG 3 “good health ..” and SDG 8 “decent work” as well as SDG14
 - marine pollution (both discharges and nuclear releases) also result from poorly managed risks contrary to SDG7 (clean energy) and SDG 12 (responsible production)
- Effective reporting and procedures for risk escalation must be developed, enabling overarching bodies to make informed decisions.

More focused risk



nichols



Get governance right for the big risks to SDG

- We tend to look at risk in isolation from the bodies that make decisions.
- Some of the greatest risks to the SDG – maritime pollution, safety of fishing crews and nuclear risks are controlled by multiple bodies driven by different priorities.
- We can focus too much effort on smaller risks that we know how to control.
- Instead we should focus on the big risks which threaten several SDG outcomes.
- Some of the decision making bodies concerned are within the UN system, and others controlled by member Governments.
- The SDGs are an opportunity to press for a more coherent and high impact approach – by getting the right international bodies in charge.

For more information please contact Simon Webb:

simon.webb@nichols.uk.com

+44(0) 7730 814 073