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Item 6 (b) of the provisional agenda

Risk Management in regulatory systems:

Discussion on draft Recommendation T
on “Standards and Regulations for Sustainable Development”

Draft Recommendation T on “Standards and Regulations for Sustainable Development”

Integrating sustainable development goals and targets in risk-based regulatory frameworks

Submitted by the Group of Experts on Risk Management

Summary

The text of the Recommendation is presented to the Working Party for discussion and adoption.

Mandate

The Working Party agreed at its twenty-fifth session to continue discussion on how it could further contribute to the Sustainable Development Goals (ECE/CTCS/WP.6/2015/2, para. 11).

Proposed decision:

Member States approve the new Recommendation T on “Standards and Regulations for Sustainable Development”. They mandate the secretariat to report on its implementation. They encourage the donor community to make available resources for capacity-building projects to assist member States in its implementation.

I. Introduction

1. The Working Party on Regulatory Cooperation and Standardization Policies,
2. Taking special note of how the 2030 Agenda for Sustainable Development now represents a cornerstone for the United Nations in all sectors of its activity,
3. Wishing to enhance the contribution of voluntary standards to realization of the 2030 Agenda,
4. Wishing to further strengthen cooperation between regulatory authorities and agencies of the member States and standards development bodies and the United Nations in the implementation of the 2030 Agenda,
5. Wishing to further broaden the application of risk management tools by regulatory authorities (in building regulatory frameworks),

Affirms that:

6. A systematic management of the risks inherent to the 2030 Agenda is a pre-requisite for achieving the Sustainable Development Goals,
7. A standards-based approach constitutes a solid basis for regulating in view of the realization of the 2030 Agenda.

II. The rationale for the recommendation

8. The social, economic and environmental dimensions of the Sustainable Development Goals and targets are currently covered by a very broad range of legislative and regulatory systems and jurisdictions.
9. In order to contribute to the achievement of the Sustainable Development Goals and targets, a broad range of risks shall be effectively and efficiently managed within regulatory frameworks, as described in Recommendation R.
10. Many standards, UN agreements and conventions, as well as other regulatory frameworks that are already in use are relevant to achieving Sustainable Development Goals.
11. Implementation of the Sustainable Development Goals requires developing regulatory processes and building risk-based regulatory systems that would be proportionate to risks that are relevant to the Sustainable Development Goals' targets in terms of regulatory requirements, conformity assessment and surveillance processes.
12. Standards and guidelines remains a challenge given the divergent use of definitions and methods. There is a lack of coherence and consistency in conceptual frameworks and methodologies with respect to management of risks in regulatory systems of the sectors linked to the Sustainable Development Goals, and the implementation of risk management practices through regulatory regimes, standards and guidelines remains a challenge given the divergent use of definitions, methods.
13. The use of standards by policy-makers and business would not only help integrate standards into regulatory systems, but also enhance the design of regulatory systems while providing clarity for institutions in the development of their programs in a more systematic and coherent manner.

III. General recommendation

14. Regulatory authorities should use risk management tools – including voluntary standards to build the regulatory frameworks that are needed to operationalize the Sustainable Development Goals.
15. Regulatory authorities should use the risk management approaches that are based on standardized risk management processes and harmonized definitions.
16. Considering the Sustainable Development Goals' targets as objectives of a regulatory system the risk management frameworks defined in Recommendations P and R of the Working Party in combination with other tools and methodologies should be applied to design processes required for economic operators, consumers, communities, regulators and legislators, and other societal stakeholders to be involved in managing the risks related to the achievement of the Sustainable Development Goals' targets.
17. **Regulatory authorities are encouraged to base the regulatory frameworks aimed at the implementation of Agenda 2030 on the Annexed Checklist.**

Annex

Checklist for risk based regulatory systems for the implementation of the 2030 Agenda for Sustainable Development

A. Setting regulatory objectives

1. When setting regulatory objectives, the Sustainable Development Goals' targets should be analyzed within the given national and international contexts to identify clear regulatory objectives and develop a sound implementation strategy from a regulatory and operational perspective.
2. The Sustainable Development Goals and their targets should be reviewed regularly to identify intersections and interdependencies, for example, the goal of any given Sustainable Development Goal may depend on another Sustainable Development Goal being reached. Some of the Sustainable Development Goals' targets may be relevant for the achievement of other targets. Some interdependencies may – instead – complicate the simultaneous achievement of different goals and targets. Results of such analysis should be considered when establishing cooperation among regulatory authorities.

B. Risk identification and assessment in regulatory frameworks linked to Sustainable Development Goals

3. Regulatory authorities should use data-driven approaches in risk identification and assessment. Data and modelling play an important role in risk analysis to characterize the risks in terms of causes, events and consequences. Tolerance criteria must be established to evaluate the risks of regulatory options within the national policy context.
4. Proactive stakeholder involvement is key in risk identification.
5. Regulatory authorities should avoid applying the approach of “looking at risk in isolation from the bodies that make decisions”. This means avoiding focusing on smaller risks that we know how to control but focus instead on the big risks that threaten several Sustainable Development Goal outcomes.
6. Risk management and assessment activities including key indicators should be underpinned by current scientific knowledge through formalized and independent advisory processes. Such an approach will ensure that the risks perceived by stakeholders and regulators are examined against existing scientific and technical evidence providing transparency while fostering support from stakeholders. This will enhance the science-informing policy and policy-informing science paradigms and approaches but will require exchange of best practice.

C. Regulation development within regulatory frameworks linked to Sustainable Development Goals

7. In case the achievement of a Sustainable Development Goal requires regulatory intervention, regulations, standards and guidelines should be developed from the premise that “people want to comply”. The mechanisms of implementation and awareness raising must be efficiently integrated within the operations of a given sector to be effective at reaching a given objective, including through the adoption of guidelines and relevant enforcing jurisdiction.

D. Market surveillance and enforcement

8. Enforcement is a necessary component of any regulatory system. Sufficient resources should be allocated to its planning and its execution. In the presence of regulatory failures, including high levels of non-compliance, instead of introducing new regulations, policy-makers would be well advised to analyze the regulatory system in its entirety, including the need for employee training, the difficulty of implementing regulations within daily operations, the capacity of the sector to implement the regulation, as well as the extent of intentional violations.

9. Local market surveillance authorities and enforcement bodies play a vital role in the achievement of the Sustainable Development Goals, since they are responsible for enforcing all regulations, no matter by which authority and at which level it was set (e.g. including international regulations).

10. **When possible**, approaches described in Recommendation S should be used **to support the existing qualitative methods** as a prioritization tool that would allow enforcement authorities and regulators to focus their attention on products/businesses/activities that are (1) most threaten the achievement of the Sustainable Development Goals when non-compliant and (2) most likely to be non-compliant (with the highest probability of non-compliance).
