

**Economic and Social Council**Distr.: General
18 August 2011

Original: English

Economic Commission for Europe

Committee on Trade

**Working Party on Regulatory Cooperation
and Standardization Policies****Twenty-first session**

Geneva, 31 October – 2 November 2011

Item 5 of the provisional agenda

**Report on the activities of the Group of Experts on Risk
Management in Regulatory Systems (GRM)****Note by the secretariat¹***Summary*

At its twentieth session, the Working Party established a new Group of Experts on Risk Management in Regulatory Systems (GRM). It also adopted the Group's terms of reference (see: ECE/TRADE/C/WP.6/2010/2) and approved the plan of work (see: ECE/TRADE/C/WP.6/2010/5). The Group started its activities in 2011.

This document (a) presents the main results achieved by the Group as of August 2011, (b) presents the main areas of competence of the members of the GRM Group (c) discusses and provides a summary of the Group's activities and meetings, (d) reports on the progress in the completion of the project plan approved at the twentieth session, (e) presents priorities and a plan of work for 2012, (f) discusses the major risks faced by the Group.

An annex completes the document by presenting the names of the individuals and of the organizations that have participated in the work of the GRM.

¹ At its twentieth session, the Working Party established a Group of Experts on "Risk Assessment and Management" and adopted its terms of reference, and requested it to report on activities to the Working Plenary (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 are as follows:

(a) Two draft recommendations, which are presented to the Working Party for discussion and approval:

(i) A general recommendation on the use of risk management tools in regulatory systems – “Risk Management in Regulatory Systems” (ECE/TRADE/C/WP.6/2011/4);

(ii) A specific recommendation, which describes one of the functions of the risk management process, as defined in the general recommendation “Crisis Management in Regulatory Systems” (ECE/TRADE/C/WP.6/2011/14);

(b) Participation in the International Regulatory Reform Conference;

(c) Participation in work on the draft OECD recommendation on Regulatory Policy and Governance;

(d) Participation in the work of the ISO TC 262 Project committee: Risk management.

2. The Group functions 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 webinars² 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 include:

(a) **International Conference on Risk Assessment and Management**, which was held in 2009 back-to-back to the nineteenth WP.6 session. The event gathered more than 150 participants, including government representatives and representatives of international organizations, standardization bodies, conformity assessment bodies, market-surveillance authorities and economic operators. The conference resulted in an outcome document (ECE/TRADE/C/WP.6/2010/2), which describes the roles of regulatory stakeholders in performing various risk management functions within a regulatory system. The document centres on the idea that risks that affect society can only be properly managed if each of the stakeholders fulfils its function in the risk management process that operates within a well-structured regulatory system;

(b) **Developing a reference model for management of risks within regulatory systems**. In following up on the issues raised at the international conference, in 2010 the

² As on the day the document was submitted

secretariat of the Working Party developed a reference model for building a regulatory system on the basis of the risk management process. The model, which was later presented at the twentieth session of WP.6, was used to develop a methodology for conducting a risk-management needs assessment survey;

(c) **Needs assessment survey.** To gather specific and more detailed information on the needs and problems faced by regulatory stakeholders in performing risk management functions, the secretariat of the Working Party ran a Risk Management Needs Assessment Survey. Results of the test survey are presented in document ECE/TRADE/C/WP.6/2010/5;

(d) **Developing of a plan of work for the Group of Experts.** The plan was approved at the twentieth session (ECE/TRADE/C/WP.6/2010/5).

II. Members and representation

4. 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 Mr. Donald Macrae and Mr. Valentin Nikonov.
6. 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 list of members is attached to the present report as an annex, and can also be found on the website of the Working Party.

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 five webinars between March and August 2011, the reports of which are available on the website (see <http://live.unece.org/trade/wp6/riskmanagement.html>).

9. At the first webinar, held on 8 March, and at a meeting in Amsterdam on 11 March, the Group discussed its objectives, and the plan and organization of its work. The secretariat initiated discussions on the Reference Model “Risk Management in Regulatory Systems” and of the list of priorities of the Group. The Group agreed that its main objective was to develop and to implement recommendations for achieving a more effective application of risk management tools in regulatory systems, and provided valuable comments on how the reference model could be improved.

10. The meeting in Amsterdam followed the panel session “Avoiding unnecessary burdens from regulating for risks”, at the International Regulatory Reform Conference. At the panel session, the Secretary of the Working Party and one of the Group Members – invited as resource persons – introduced the Group to the conference participants. The objective of the Group meeting was to discuss the next steps in the work of the Group and to provide input for the conference outcome. The Group continued discussing the reference model and agreed that it should serve more as a checklist for the stakeholders than as a conceptual theoretical model. Along with drawing up recommendations, the Group pointed to the need to develop a specific project that would deliver tangible results and would be of interest to donors and sponsors. It discussed the idea of organizing a forum dedicated to specific risk events and decided to further develop this idea. It also discussed organizing training sessions and webinars in the field of risk management for regulators.

11. The second webinar, which took place on 7 April, aimed at initiating a general recommendation on application of risk management tools in regulatory systems, at approving the list of priorities for the Group and a list of project concepts (training sessions and a forum) that could be further developed into proposals for donors.

12. Discussions that followed the presentation of the outline of the draft recommendation focused on the need to explicitly state in the recommendation that absolute safety cannot be a regulatory goal, on the possible application of the ISO 31000 terminology, and also on crisis management in regulatory systems. The Group asked the secretariat to prepare a full text of the draft based on the UNECE background document “Risk Management in Regulatory Systems: A Proposed Reference Model”, taking into account all the comments made at the webinar.

13. The secretariat presented two project proposals. The first was devoted to organizing a forum to discuss risk events that occurred. The second presented a project aimed at organizing training sessions for representatives of specific regulatory systems. The objective of the forum was defined as “to develop recommendations aimed at enhancing the stability of a specific regulatory system”. Recommendations were supposed to be developed by bringing together the involved regulatory stakeholders and by analysing the situation using the methodologies developed by the Group. Training was presented as an event aimed at bringing together all the regulatory stakeholders for one specific sector and applying the reference models developed by the Group to that sector.

14. At its third webinar, which was held on the 5 May and broadcast to the Annual Planning Meeting of the UNECE WP.6 Activities, allowing members of the WP.6 Bureau and other Working Party stakeholders to participate in this event, the Group decided to develop a specific recommendation on contingency planning (“crisis management in regulatory systems”). It requested the secretariat to organize a presentation on the use of alternative media in situations of crises and to research the existing legislation on crisis management. It also discussed how ISO 31000 could be used in regulatory work and aligned the reference model developed by the Group with the main concepts of ISO 31000.

15. The fourth webinar, held on 17 June, aimed at approving the draft of the General Recommendation “Risk Management in Regulatory Systems”. Also, the Group discussed the draft OECD Recommendation on Regulatory Policy and Governance and continued gathering material for the development of a recommendation on crisis management in regulatory systems. The Group asked the secretariat to do the following:

- prepare the next version of the draft recommendation “Risk Management in Regulatory Systems”
- invite members to express their views on the recommendation

- prepare a letter to the Organisation for Economic Co-operation and Development (OECD) with the Group's comments on the draft recommendation on Regulatory Policy and Governance
 - prepare the draft of the recommendation on contingency planning.
16. The goals of the fifth webinar, held on 15 July 2011, were as follows:
- approve the new version of the draft of the general recommendation “Risk Management in Regulatory Systems”
 - discuss the first version of the draft recommendation “Crisis Management in Regulatory Systems”
 - approve the structure of the publication “Risk Management in Regulatory Systems: Towards a Better Management of Risks”, which will cover the main results of the risk management work done within the Working Party.

The Group also approved the drafts of both recommendations, under the condition that comments of the Group members were to be taken into account.

IV. Progress in the completion of the initial plan

17. The following table provides information on when and how each of the tasks listed in the original plan (contained in ECE/TRADE/C/WP.6/2010/5) was performed and what the result was. It also contains explanations on why certain tasks were not accomplished, suggestions on moving some tasks to other periods, or deleting them from the plan:

<i>Tasks and deadlines, as originally planned</i>	<i>Results/Comments</i>
Stage 1: Initiation	
Prioritizing areas of work (November 2010)	In terms of processes, the list of priorities was approved only for 2011 due to uncertainty in future availability of resources. The GRM agreed to focus on the general recommendation and crisis management in regulatory systems. In terms of sectors, the GRM approved the following sectors as of high priority for 2012: toys, nursery equipment and cosmetics.
Searching for members (January 2011)	Completed in March 2011. The list of members is available on the website of the Working Party, and as an annex to this document.
Designing the group's interactive website (January 2011)	Completed in February 2011. The GRM operates a website for internal exchange of information. A webpage on the Working Party website is devoted to the activities of the GRM and is used for external communication.
Developing a reference model for the areas approved as of the highest priorities (February 2011)	A general reference model was developed in April and approved in July 2011. Instead of developing reference models for specific processes, the GRM concentrated on integrating risk management into a regulatory system as a whole. A model for crisis management was developed and approved in July 2011.
Approving reference models within the group (March 2011)	
Fundraising (March 2011)	This task could not be completed as specified in the original plan. It will be relaunched after the annual

Tasks and deadlines, as originally planned

Results/Comments

session, and will be based on the preliminary outputs of the Group's work.

Stage 2: Gathering information (first iteration)

Performing a desk research on risk management best practice (July 2011) by:

- Research on risk management in legislation and procedures (members of the group would research different regulations and compare results)
- Conducting a survey and checking the results against the reference models;
- Actual model and needs

Analysis of the international legislation:

- Building a reference model for a risk-based legislation
- Analysing consistency of risk management processes in the fields to be selected by the Group
- Preparing a report on use of risk management in international legislation, areas for improvement and recommendations on the use of best practice in developing risk-based legislation.

The GRM capitalized on its wide and diversified membership, and instead of conducting a survey, exchanged relevant information on risk management best practices during its webinars. This also allowed preliminary stress-testing of the reference models and recommendations.

Research on how risk management is applied in legislation design was performed only for one field (food safety legislation). The task needs to be moved to 2012 and must be performed for the sectors considered as of highest priority.

Consolidating information (August 2011)

The GRM has approved the structure of the publication "Risk Management in Regulatory Systems: towards a Better Management of Risks", which would consolidate all the results achieved by the GRM in 2011.

Stage 3: Drawing up recommendations

Drafting recommendations (September 2011)

The general recommendation "Risk management in regulatory systems" was drafted in June 2011.

The recommendation on crisis management in regulatory systems was drafted in July 2011.

Developing training material for authorities (October 2011)

The forthcoming publication "Risk Management in Regulatory Systems: towards a better management of risks" will provide reference material for trainings

Intergroup approval (October 2011)

The GRM approved its two recommendations in July 2011.

Presenting the draft (November 2011)

Recommendations are presented as documents ECE/TRADE/C/WP.6/2011/4 and ECE/TRADE/C/WP.6/2011/14.

V. Priorities and the plan for 2012: implementing recommendations

<i>Task</i>	<i>Deadline and expected Results/Comments</i>
Stress-testing recommendations and reference models	January 2012
Applying recommendations to perform legislation analysis in the sectors considered as of high priority	The task will imply analysing consistency of risk management application in the existing legislation.
Performing the field work:	June 2012
<ul style="list-style-type: none"> • Fundraising; • Running risk forums and trainings (see para 12); • Preparing reports on best practice and problems to be solved. 	Organizing risk forum and trainings can be perceived as first steps in projects for implementing of the recommendations. It will allow presenting the reference models and analyzing the changes (to the model or to the process) with stakeholders.
Developing specific recommendations (on how to perform risk management functions, such as risk identification, risk analysis and evaluation, etc.)	July 2012
	Each function of the risk management process can be a subject of a specific recommendation (similarly to one on crisis management in regulatory systems).
Running pilot implementation projects	September 2012
	Implementation projects imply performing an analysis and an audit of a regulatory system in a given sector, GRM recommendations being audit criteria.
Updating the recommendations and intergroup approval	October 2012
Approving recommendations	November 2012
Stage 4: Promotion and implementation, November 2013	
Promoting the recommendations	November 2013
Presenting the feedback	November 2013

VI. Main risks

18. 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 July 2011)

Coordinators of the GRM

1. Mr. Donald Macrae (Risk and Regulation Advisory Council, UK)
2. Mr. Valentin Nikonov (UNECE)

Active Members –please spell out the names of the organizations

3. Mr. Alberto Alemanno (Associate Professor of Law, HEC Paris, France)
4. Mr. Lorenzo Allio (Independent Consultant on Regulatory Reform and Risk Regulation, and representative of the European Risk Forum)
5. Mr. Gabriel Barta (International Electrotechnical Commission)
6. Mr. Florentin Blanc (The World Bank Group)
7. Ms. Bo Yumin (National Accreditation Service for Conformity Assessment, China)
8. Mr. A.M. Dolan (University of Toronto, Canada)
9. Mr. Graeme Drake (Committee on conformity assessment, International Organization for Standardization ISO)
10. Mr. Valery Hurevich, (Belarusian State Institute for Standardization and Certification (BelGISS), Belarus)
11. Mr. Phil Kelly (Liverpool Business School, United Kingdom)
12. Mr. Kevin Knight (Chair, technical committee 262: Risk management, International Organization for Standardization)
13. Mr. Sean MacCurtain (Secretary, Committee on conformity assessment, International Organization for Standardization (ISO))
14. Mr. Peter Morfee (Ministry of Economic Development, New Zealand)
15. Mr. Massimo Polignano (Esaote, Italy)
16. Mr. Christophe Renard (Cotecna, Switzerland)
17. Mr. Mikhail Rogov (RusRisk, RusHydro, Russian Federation)
18. Mr. Dan Roley (Caterpillar, United States)
19. Mr. Marc Schaedeli (Group for Risk Management, Nestlé)
20. Mr. Paul Taylor (Federation of European Risk Management Associations (FERMA), United Kingdom)
21. Mr. Olivier Testoni (International Telecommunication Union)
22. Mr. Jan van Tol (Ministry of Interior and Kingdom Relations, Netherlands)
23. Mr. Simon Webb (The Nicholas Group, United Kingdom)
24. Ms. Carolyn Williams (Institute of Risk Management, United Kingdom)