

Group of Experts on Risk Management in Regulatory Systems (GRM) in 2017

Progress report on the activities of the Group

Valentin Nikonov

Co-Coordinator of the GRM

Background



“The GRM aims at an improved management of hazards that have the potential to affect the quality of products and services, and/or cause harm or damage to people, the environment, property and immaterial assets”

“Developing and sharing best practice as regards the use of risk management tools in regulatory activities”

UNITED NATIONS ECONOMIC COMMISSION FOR EUROPE

Risk Management in Regulatory Framework

Towards a better management of risks

Risk Management in Regulatory Framework
Towards a better management of risks

The main purpose of this UN/ECE Guide is to assist its member States to better shield their people from natural and man-made hazards. This publication addresses the need for a structured and inclusive decision-making process to manage risks and to achieve the desired level of safety without stifling economic growth. It is intended for all member States to apply risk management as a central process involving all regulatory entities, involving all stakeholders in the regulatory process. A focus is intended to assist policymakers, regulators, and businesses in having regulatory systems aimed at effectively managing the risks that confront surveillance, or compliance and enforcement.

John Kubit, Special Representative and Head of the United Nations Administration in Afghanistan

This publication provides an insight into how risk management standards and guidelines can be applied not just to enhance the management of risk within single entities, but also to provide a proactive way of ensuring the efficiency of regulatory systems for all stakeholders. It calls for a broader application of international risk management-related standards by regulators and business companies globally as a way of sharing best practices.

Frank W. Wright, Chairman, ISO Technical Committee 247 - Risk Management

This publication explains complicated theoretical concepts of risk management in an easy-to-understand manner and presents a methodology of how these concepts can be applied to having regulatory systems. It is well-illustrated and full of examples. Our students will certainly find it relevant, inspiring as well as those who are interested in professional management.

George Wilson, Institute of Risk Management

UNITED NATIONS

Palais des Nations
CH - 1211 Geneva 10, Switzerland
Telephone: +41(0)22 917 47 44
Fax: +41(0)22 917 05 05
E-mail: info@unece.org
Website: http://www.unece.org

UNITED NATIONS ECONOMIC COMMISSION FOR EUROPE

Recommendations on regulatory cooperation and standardization policies

Working Party on Regulatory Cooperation and Standardization Policies

R. Managing Risk in Regulatory Frameworks

The Working Party on Regulatory Cooperation and Standardization policies,

Recognizing that mitigating risk that may affect society and hamper economic development is an important goal for policy-making,

Underlining that risk management is an important tool for promoting regulatory convergence at international and regional levels,

Emphasizing the role of risk management in achieving sustainable development goals. Stressing that risk-management tools are essential to enhancing the efficiency of regulatory action and of regulatory systems,

Recognizing the need of regulatory authorities, standardization, conformity assessment and accreditation bodies, as well as market surveillance authorities, economic operators, consumers, as well as other regulatory stakeholders, in promoting coherent, consistent, efficient, effective and systemic application of risk management in regulatory systems,

Taking into account international standards related to the management of risk, such as ISO 31000:2009, ISO 9001:2008, ISO/IEC 17000:2004, and other standards, including sector-specific standards, such as ISO/IEC 27001:2005,

Underlining that regulation in many cases may not be the best response to risk, and that absolute safety cannot be a regulatory outcome, as it is impossible, as well as undesirable to make the world risk-free,

UNITED NATIONS ECONOMIC COMMISSION FOR EUROPE

Recommendations on regulatory cooperation and standardization policies

Working Party on Regulatory Cooperation and Standardization Policies

P. Crisis Management within a Regulatory Framework

The Working Party on Regulatory Cooperation and Standardization Policies,

Recognizing the role of technical regulation, conformity assessment and market surveillance in preventing and addressing crises in various fields,

Noting that some risks are almost impossible to identify, and that all risks, even if identified, cannot be totally mitigated,

Recognizing the common interest of all regulatory stakeholders, including economic operators and consumers, in developing and applying tools that allow to effectively anticipate, and if necessary, resolve situations of crises,

Stressing that in many cases crises have led to imposing disproportionate regulations,

Underlining that risks that are identified and accepted within a regulatory system require developing or updating contingency plans that can be applied by regulators and other stakeholders,

Stressing that "crisis management" is an integral function of the risk management process of any regulatory framework, and that effective preparedness and/or response to crises requires systemic management of risks, and vice versa,

UNITED NATIONS ECONOMIC COMMISSION FOR EUROPE

Recommendations on Regulatory Cooperation and Standardization Policies

Revised Edition

S. Applying predictive risk management tools for targeted market surveillance

The Working Party on Regulatory Cooperation and Standardization Policies,

Emphasizing that achieving absolute safety cannot be the goal of a regulatory system,

Noting that excessively stringent controls can create unnecessary barriers to trade,

Recognizing the importance of ensuring that products on the market (including imported goods), physical infrastructure, commercial and industrial facilities are compliant and safe so as to protect consumers, citizens and the environment

Emphasizing the importance of applying predictive risk assessment tools for planning the activities of market surveillance/compliance authorities at the "before an accident"/"before the non-compliance reported" stage,

Stressing that risk-based surveillance frameworks should help avoiding:

- Excessive controls on low risk products and
- Omitted or insufficient controls on high risk products

Recognizing that authorities need to efficiently allocate limited resources and that risk-based targeted surveillance on products on the market (as well as on installations and facilities) provide an important means to that end,

Aiming to provide guidance in the use of predictive risk management techniques so as to increase the efficiency of the existing risk assessment tools and data sharing platforms,

Aiming to complement the existing risk assessment tools applied by market surveillance authorities,

Recommends that: Authorities plan surveillance activities on the basis of the evaluation of the non-compliance risk of products/businesses within their jurisdiction. The evaluation of the non-compliance risk should reflect:

- How dangerous a certain product/business entity is when it is non-compliant to standards,
- What is the probability that a non-compliant product of this type is present on the market.

Background

- Broad and diversified membership – 30 experts from 13 countries, 17 active experts
- Bi-monthly webinars
- Chairman – Mr. Kevin Knight



Chairperson

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

Coordinators

Donald Macrae (Independent consultant)

Valentin Nikonov (Project Manager, Tochka)

Active members

1. Florentin Blanc (The World Bank Group)
2. Ronald Cormier (Fisheries and Oceans Canada, Canada)
3. Alex Dali (President, Global Institute for Risk Management Standards, G31000, France)
4. A.M. Dolan (University of Toronto, Canada)
5. Graeme Drake (Committee on conformity assessment, International Organization for Standardization ISO)
6. Paul Hopkin (Institute of Risk Management, United Kingdom)
7. Valery Hurevich, (Belarusian State Institute for Standardization and Certification (BelGISS), Belarus)
8. Markus Krebsz (Risk Reward Limited, United Kingdom)
9. Pierre Lauquin (Group for Risk Management, Nestlé)
10. Sean MacCurtain (Secretary, Committee on conformity assessment, International Organization for Standardization (ISO))
11. Justin McCarthy (PRMIA)
12. Alpaslan Menevşe, Chairman, Mirror Technical Committee ISO 31000, Turkey
13. Peter Morfee (Ministry of Economic Development, New Zealand)
14. Mikhail Rogov (RusRisk, RusHydro, Russian Federation)
15. Paul Taylor (Federation of European Risk Management Associations (FERMA), United Kingdom)
16. Simon Webb (The Nicholas Group, United Kingdom)
17. Department of technical regulation and accreditation of the Eurasian Economic Commission (Eurasian Economic Commission).

Until 2017 - briefly

Three recommendations approved:

- Recommendation R
- Recommendation P
- Recommendation S
- Recommendation on RM legislation didn't make it to approval

The guidebook “Risk Management in Regulatory Frameworks: Towards a Better Management of Risks”

Training materials “Building risk-based regulatory frameworks”

Methodologies for running field projects

A lot of work on DRR

Field projects in more than 10 countries

Cooperation in RM with EU, ISO, OECD, IRGC, FERMA, PRMIA, UNIDO, Red Cross and others

Plans for 2017 - accomplished

<i>Fields and tasks</i>	<i>Results/Comments</i>
Finalizing a recommendation on the use of predictive risk management tools for prioritizing compliance procedures;	The recommendation was approved at the Annual Session of the Working Party.
Running a face-to-face open meeting of the GRM: becoming an “on-demand” group	The meeting was held in February 2017, see document (...). Based on the results of the meeting, a new recommendation has been developed and submitted to the Working Party

Promotion of GRM’s work, also through field projects and trainings;	Results of the GRM work were presented at a number of international events.
Establishing and strengthening liaisons with other risk management organizations.	A number of international organizations participated in the face-to-face meeting of the Group.

The main deliverables - 2017

30 members and 7 webinars

Report on the meeting of the Group of Experts on Risk Management in Regulatory Systems on “Risk management in regulatory frameworks in support of Sustainable Development Goals”

Progress report on the activities of the Group of Experts on “Managing Risks in Regulatory Systems”

Recommendation T on “Standards and Regulations for Sustainable Development”

Methodologies and recommendations 2017

The first face-to-face meeting of the Group in Geesthacht, Germany (February 2017)

- A novel approach to using risk management tools within regulatory frameworks in support of the implementation of the Sustainable Development Goals of the United Nations Sustainable Development Agenda

A methodology and a recommendation

- Providing guidance to regulatory systems stakeholders on the use of risk management tools in regulatory frameworks in support of the implementation of Sustainable Development Goals

Developed a “train the trainers” module for teaching the GRM Methodology

Field projects 2017

- Supervised projects aimed at implementing the GRM recommendations within the fisheries sector in Namibia and Uganda

Cooperation 2017

A partnership for a “Risk Management advisory” on the online platform maintained by the United Nations Department of Economic and Social Affairs (UN/DESA)

Established cooperation with IEC and started a project aimed at building regulatory frameworks to address cyber-security risks

Established cooperation with the Eurasian Economic Commission

- conducted a videoconference and presented the GRM recommendations to the department of technical regulation and accreditation of the Commission.

Continued the activities of the taskforce on “UN cooperation” established under the ISO TC 292 on “Security and Resilience”

Plans for 2018

Finalizing a recommendation on the use of risk management tools in regulatory frameworks in support of SDGs

Developing recommendations on

- building risk-based regulatory frameworks to address cybersecurity risks (in cooperation with IEC).
- mitigating gender-related risks in standards development.
- building anti-bribery frameworks.

Promotion of GRM's work, also through field projects and trainings

Establishing and strengthening liaisons with other risk management organizations

Recommendation T

Standards and regulations for sustainable development

The idea of the new recommendation

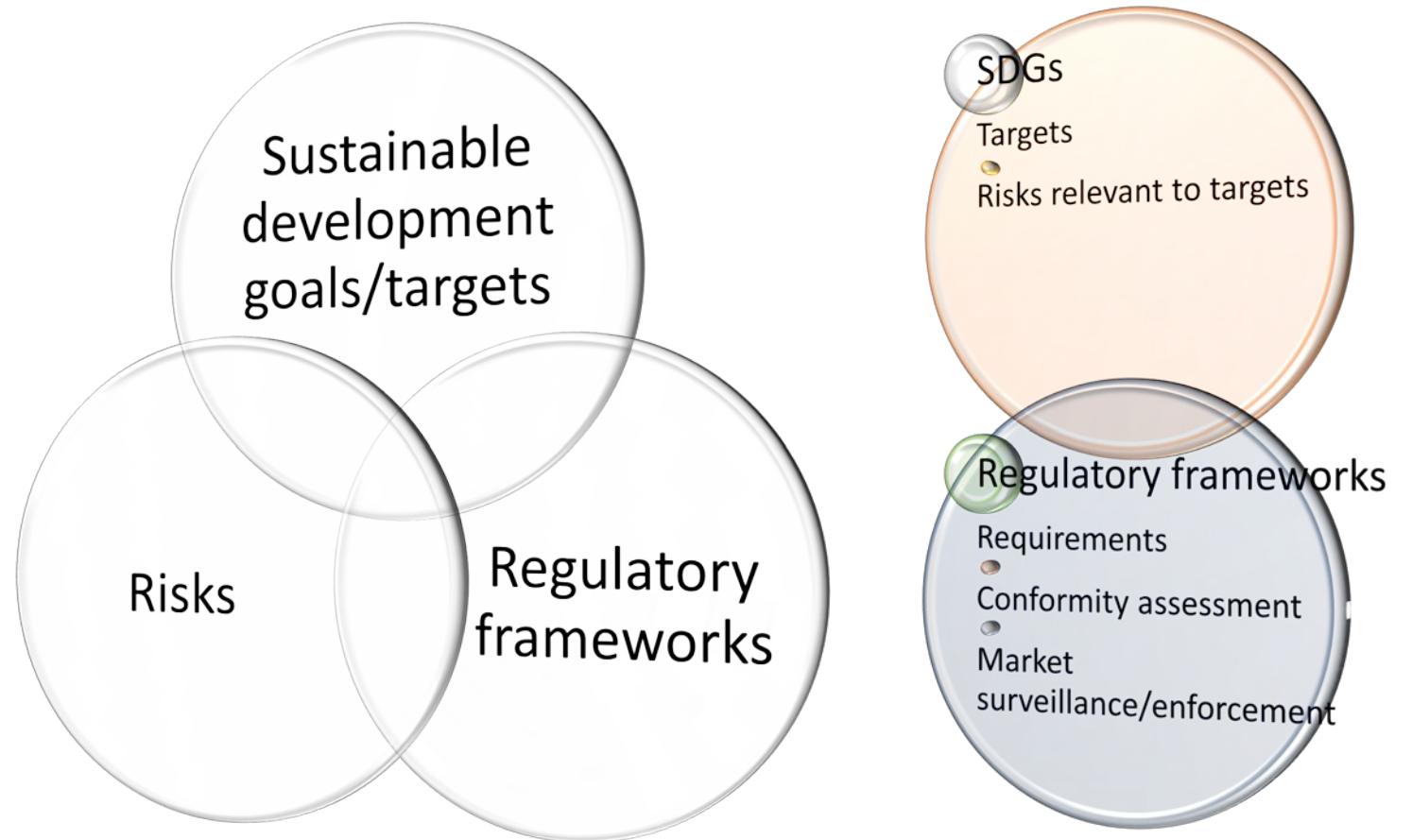
Inspired by the meeting in Germany

To provide the concept/methodology/assistance for improving regulatory frameworks in support of SDGs

To present regulatory frameworks as a major tool in the implementation of the SDGs

Introduction

- The social, economic and environmental dimensions of the Sustainable Development Goals (SDGs) and targets are currently covered by a very broad range of legislative and regulatory systems and jurisdictions
- There exists a broad range of risks that could be effectively and efficiently managed within regulatory frameworks through risk management processes and regulatory standards, to contribute to secure the achievement of the SDGs and targets.
- Many technical standards, UN agreements and conventions, as well as other regulatory frameworks that are already in use are relevant to achieving SDGs.



The Working Party recommends

Regulatory authorities should use risk management tools – including voluntary standards to build the regulatory frameworks that are needed to operationalize the SDGs.

Regulatory authorities should use the risk management approaches that are based on standardized risk management processes and harmonized definitions.

The SDG targets should be considered as objectives of a regulatory system, whereas the risk management frameworks defined in Recommendations P and R of the Working Party can be applied to design processes

A checklist: setting regulatory objectives


The SDG targets should be analyzed within the given national and international contexts



Intersections and interdependencies among goals should be identified

The goal of any given SDG may depend on another SDG being reached

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

A checklist: risk identification and assessment

Data-driven approaches in
risk identification and
assessment

Stakeholder involvement is
key

Avoiding focusing on
smaller risks that we know
how to control - but focus
instead on the big risks that
threaten several SDG
outcomes

Current scientific
knowledge through
formalized and independent
advisory processes

A checklist: regulation development

In case the implementation of an SDG 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.

A checklist: market surveillance and enforcement

Enforcement is a necessary component of any regulatory system

In the presence of regulatory failures - including high levels of non-compliance - instead of introducing new regulations - policy-makers would be well advised to analyse 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

A checklist: market surveillance and enforcement

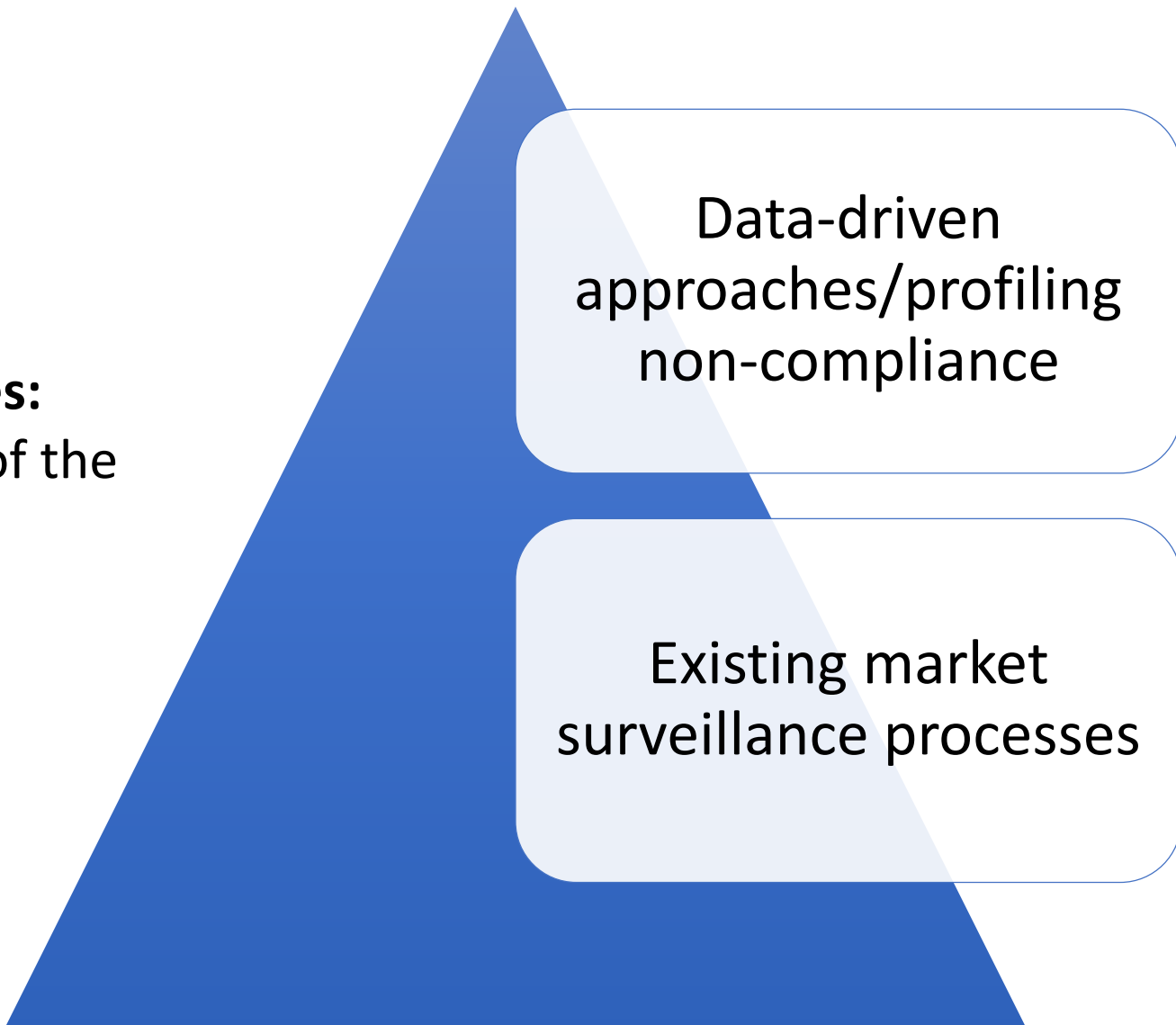
Local market surveillance authorities and enforcement bodies play a vital role in the implementation of the SDGs

Responsible for enforcing all regulations, no matter by which authority and at which level it was set (e.g. including international regulations)

A checklist: market surveillance and enforcement

Focus on products/services/companies:

- Most threaten the implementation of the SDGs when non-compliant and
- Most likely to be non-compliant



Data-driven
approaches/profiling
non-compliance

Existing market
surveillance processes

A new recommendation: what we expect

- Ensuring that regulatory frameworks linked to the SDGs will be identified
- Systematic risk management in regulatory frameworks: avoiding excessive and insufficient regulation within the SDG concept
- Managing risks that might threaten the implementation of the SDGs

A checklist: market surveillance and enforcement

When possible, predictive algorithms and data-driven approaches should be developed and 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 dangerous when non-compliant

These approaches should be used to complement the existing market surveillance processes