



Economic and Social Council

Distr.: General
21 August 2020

Original: English

Economic Commission for Europe

Steering Committee on Trade Capacity and Standards

Working Party on Regulatory Cooperation and Standardization Policies session

Thirtieth session

Geneva, 2–3 November 2020

Item 6 of the provisional agenda

**Risk Management in regulatory systems:
Report of Activities under the Group of Experts
on Managing Risks in Regulatory Systems**

Report of activities under the Group of Experts on Managing Risks in Regulatory Systems

Submitted by the Rapporteur*

Summary

This document presents the main results achieved by the Group of Experts on Managing Risks in Regulatory Systems (GRM) as of September 2020, reports on the progress in the completion of its project plan, presents priorities and a plan of work for 2021. The names of individuals and organizations that participate in the work of the Group can be found in the Annex.

Mandate

At its twenty-seventh plenary session, the Working Party plenary mandated the secretariat and the coordinators to continue to report on an annual basis on its activities.

Proposed decision:

“The Working Party adopts the report of the Group of Experts on Managing Risks in Regulatory Systems. It mandates the Secretariat and the coordinators to continue to report on an annual basis on its activities”.

* At its twentieth session, the Working Party established a Group of Experts on Risk Management in Regulatory Systems, 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

1. The Group of Experts on Risk Management in Regulatory Systems was established by the Working Party in 2010.
2. The Group of Experts 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. The Group will work towards this goal by developing and sharing best practice as regards the use of risk management tools in regulatory and managerial activities.
3. The Group of Experts functions on the basis of:
 - (a) 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; and
 - (b) Webinars organized by use of an e-mail list server and an interactive website.

II. Main activities in the reporting period

4. In the reporting period, the Group of Experts held five webinars, including joint meeting with the Group of Experts on Market Surveillance (MARS group), and conducted 5 brainstorming sessions aimed at developing an action plan of the Group in response to the COVID-19 crisis. The main priorities of the Group of Experts during this time were: a) reviewing the existing recommendations in the light of the COVID-19 crisis b) development of new recommendations and methodologies c) contribution to the work of other organizations. The implementation of the recommendations through field projects was not a GRM priority in 2020, since field projects were impossible to implement because of the crisis.

Methodology and recommendations

5. As regards new and revised methodologies and recommendations, the results of the activities of the Group of Experts on Risk Management in Regulatory Systems in the year to date are as follows:
 - (a) Analysed the crisis management processes implemented by regulatory authorities around the world in response to the COVID-19 pandemic and reviewed the recommendation P “Crisis management within a regulatory framework”;
 - (b) Developed a survey aimed at gathering international best practice in the management of the COVID-19 crisis;
 - (c) Continued the development of recommendation on “Addressing the risk of product non-compliance in international trade”. The recommendation stresses the importance of product non-compliance risks in international trade and highlights their impact on consumer safety, society and environment. The recommendation calls for improved management of such risks and describes approaches for integrating the processes required for effective management of product non-compliance risks by technical regulators into existing international trade frameworks. The group developed a set of documents supporting the draft recommendation, including:
 - i. An overview of international best practice in building integrated risk-based import compliance systems;
 - ii. Analysis of current level of implementation of risk management as a trade facilitation measure.

- (d) Continued the development of the UNECE – ITC (International Trade Centre) Guide “Facilitating trade for business through integrated risk management: Guide for border regulatory agencies”. The Guide describes an integrated risk management framework within an international trade system, focusing on the role of Customs in managing trade-related risks. The contribution of the GRM resulted in a comprehensive description of a methodology required for effective management of risks within import compliance frameworks of regulatory authorities and for integrating these processes into risk management frameworks functioning within an international trade system. The developed methodology is based on the following principles:
- i. Ensuring efficient integration of risk management processes of all regulatory agencies involved in border control;
 - ii. Strengthening the role of import compliance procedures in market surveillance/enforcement systems of regulatory authorities responsible for product compliance; integrating import compliance processes applied at the border with other building blocks of regulatory systems;
 - iii. Integrating risk management in border control with other trade facilitation tools, such as Single Window and others.

Implementation of the recommendations and field projects

6. A training “Building an integrated risk-based import compliance framework: practical tools for balancing trade facilitation and safety” was developed and conducted in Belgrade, Serbia on 10-12 December, 2019. The training for SPS regulators of CEFTA countries was based on recommendations and guidance documents, developed by the Group; the project was implemented in cooperation with ITC and GIZ (German development agency).

7. No other field projects were implemented in 2020. The Group of Experts has continued to monitor – in particular - the implementation of its recommendations regarding the implementation of a risk management approach to regulatory decision-making processes to achieve SDG 14 on Life under water, in cooperation with International Council for the Exploration of the Sea (ICES) and the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) Team of Specialists on Sustainable Fisheries.

Contribution to the risk management work of other ECE and UN intergovernmental bodies, international organizations and relevant stakeholders

8. As regards cooperation with partners, the Group of experts, during the reporting period:

- (a) Strengthened the cooperation with the International Trade Centre (ITC);
- (b) Participated in the meeting of the UNECE Advisory Group on Market Surveillance (MARS Group) and introduced the draft recommendation on addressing product non-compliant risks in international trade.

III. Important activities prior to the current period

9. Since its establishment the Group’s most important accomplishments – organized under the same three priorities – have been as follows:

Methodology and recommendations

- (a) Two recommendations, approved at the twentieth annual session of the Working Party in 2011:
 - (i) A general recommendation on the use of risk-management tools in regulatory systems (Recommendation R “Managing Risk in Regulatory Frameworks”:

http://www.unece.org/fileadmin/DAM/trade/wp6/Recommendations/Rec_R_Eng.pdf);

- (ii) A specific recommendation, which describes how regulatory processes can help prepare for and manage crisis including disasters (Recommendation P “Crisis Management within a Regulatory Framework” http://www.unece.org/fileadmin/DAM/trade/wp6/Recommendations/Rec_P_Eng.pdf).
- (b) A specific recommendation, approved by the Working Party in 2016, aimed at providing guidance to market surveillance authorities in planning surveillance activities on the basis of a predictive risk-based assessment of products/businesses within their jurisdiction (Recommendation S “Applying Predictive Risk Management Tools for Targeted Market Surveillance”);
- (c) In cooperation with the International Electrotechnical Commission (IEC) and UNECE World Forum for Harmonization of Vehicle Regulations (WP.29), the Group of Experts has developed a proposal for a common regulatory framework on cybersecurity. The common regulatory framework aims at the improved management of cybersecurity related risks and was approved by the Working Party in 2019;
- (d) A recommendation aimed at providing guidance to regulatory systems stakeholders on the use of risk management tools in regulatory frameworks in support of the achievement of the Sustainable Development Goals (SDGs). The recommendation is based on the results of the meeting of the Group in Geeshacht, Germany (February 2017). The recommendation was presented for approval by the Working Party in 2017; it was approved at the 28th Annual Session of the Working Party (see document ECE/CTCS/WP.6/2017/8);
- (e) Published the guidebook “Risk Management in Regulatory Frameworks: Towards a Better Management of Risks”, available at: <http://www.unece.org/tradewelcome/tradepublications/wp6/2012/risk-management-in-regulatory-frameworks-towards-a-better-management-of-risks/docs.html>, and translated into Russian in 2014;
- (f) Developed training materials and delivery of a training session on “Risk Management in Regulatory Frameworks: Building Quality Infrastructure” for the staff of the technical cooperation unit of the United Nations Organization for Industrial Development (UNIDO);
- (g) Analysed a number of legislative texts that regulate the electrical appliances sector in different jurisdictions from the perspective of the risk management framework (2013); and
- (h) Finalized a draft of the recommendation on improving consistency of risk management legislation (2014).

Implementation of the recommendations and field projects

- (a) Developed a methodology for running field projects aimed at the implementation of the Group of Experts’ recommendations within a given sector. The objectives of such projects include (2015):
 - (i) Building capacity by regulatory stakeholders to identify and manage the risks that confront the sector in which they operate;
 - (ii) Promoting a shared vision by all regulatory stakeholders of optimal regulatory outputs proportionate to existing risks; and
 - (iii) Developing action plans to fully implement the risk management methodology into a regulatory framework and to evaluate existing regulations against the identified risks.

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- (b) Ran risk management projects aimed at the application of the Group of Experts' recommendations in the regulatory frameworks of Nigeria and Malawi (2015);
 - (c) Supervised projects aimed at implementing the Group of Experts' recommendations within the fisheries sector in Namibia and Uganda (2017);
 - (d) Applied the Group of Experts' recommendations to the specifics of Disaster Risk Reduction:
 - (i) Established a partnership with the United Nations Office for Disaster Risk Reduction (UNISDR) and other UN agencies by forming the informal group of experts on "Standards for Disaster Risk Reduction";
 - (ii) Organized a workshop on "Disaster Risk Standards and Accountability for Business and Citizens" at the UNISDR Global Platform for Disaster Risk Reduction in May 2013;
 - (iii) Took part in the World Conference on Disaster Risk Reduction in Sendai, Japan in March 2015 and organization of a Working Session on "Standards for Disaster Risk Reduction Including Building Codes" <http://www.wcdrr.org/conference/events/885>;
 - (iv) Established a partnership with International Organization for Standardization (ISO) Technical Committee 292 on "Security and Resilience" and contributing to its activities through a taskforce on "UN cooperation" established under the Technical Committee and aiming at contributing to the implementation of the outcome of the World Conference on Disaster Risk Reduction and other important UN outcomes;
 - (v) Contributed an article on "Standards for Disaster Risk Reduction" to the August-September 2015 issue of the ISO Focus magazine (http://www.iso.org/iso/isofocus_111.pdf); and
 - (vi) Published a background paper on "Standards and Normative Mechanisms for Disaster Risk Reduction" for the 2015 edition of the Global Assessment Report on Disaster Risk Reduction, available at: <https://www.unisdr.org/we/inform/publications/49540>.
 - (e) Developed a "train the trainers" module for teaching the Group of Experts' Methodology initially for the purposes of courses intended for regulatory stakeholders and trade support institutions in Kyrgyzstan. The course is now available for other countries or regions following this pilot implementation;
 - (f) Applied the Group's recommendations to regulatory practice in: Australia, Brazil (presented at the Working Party's session in 2013), Canada, New Zealand and Mongolia;
 - (g) As a part of the UNECE project "Strengthening the national capacity of trade-support institutions of Kyrgyzstan", the Group of Experts and the secretariat carried out a series of workshops and train-the-trainer courses on risk management in business and regulation, conformity assessment and market surveillance in Kyrgyzstan. The project resulted in an increased institutional capacity for implementing risk management tools within the regulatory framework of the country; and
 - (h) Developed a proposal for common regulatory objectives in the field of cybersecurity, which was preliminary approved at the 28th Annual Session of the Working Party.

Contribution to the risk management work of other international organizations and relevant stakeholders

- (a) Organized an international “Management tools and standards in support of Sustainable Development Goal 14 “Life below water” (9–11 October 2018 at the Marine and Freshwater Research Institute, Reykjavík, Iceland);
- (b) Established cooperation with the UNECE WP.29 (when developing the common regulatory objectives on cybersecurity);
- (c) Registered a partnership for a “Risk Management advisory” on the online platform maintained by the United Nations Department of Economic and Social Affairs (UN DESA). The platform features multi-stakeholders’ partnerships and voluntary commitments for sustainable development. It aims at assisting regulatory authorities and standards development organizations in using risk management tools in support of the Sustainable Development Goals (2017);
- (d) Established cooperation with IEC and started a project aimed at building regulatory frameworks to address cyber-security risks (2017);
- (e) Established cooperation with the Eurasian Economic Commission; conducted a videoconference and presented the Group of Experts’ recommendations to the department of technical regulation and accreditation of the Commission (2017);
- (f) Continued the activities of the taskforce on “UN cooperation” established under the ISO Technical Committee 292 on “Security and Resilience” (2017);
- (g) Participated in the Oceans Conference in New York (2017);
- (h) Provided comments on the European Union general risk assessment methodology (Action 5 of the Multi-Annual Action Plan for the surveillance of products in the European Union);
- (i) Took part in the review by the International Risk Governance Council (IRGC) aimed at comparing, contrasting and converging approaches to risk management and governance, specifically by participating in the Workshop on “Applying and Using IRGC Concepts” which took place in Potsdam on 18–19 October 2016;
- (j) Strengthened cooperation with UNIDO and established cooperation with the International Federation of Red Cross and Red Crescent Societies (IFRC);
- (k) Cooperated with the ISO Technical Committee 262 (Risk management) on the use of the Group’s best practice;
- (l) Took part in the work of the Organisation for Economic Co-operation and Development (OECD) Working Party on Consumer Product Safety and in the Workshop on Product Risk Assessment (Tel Aviv, April 2012);
- (m) Contributed to awareness-raising activities, including through social media and by participating in the “First international conference on ISO 31000” (Paris, March 2012);
- (n) Established cooperation with the Federation of European Risk Management Associations, International Federation of Accountants and the International Professional Risk Management Association (PRMIA), UNISDR and UNIDO; and
- (o) Presented the Group of Experts’ recommendations at the foresight-seminar of the Eurasian Economic Commission on the application of the risk-based approach in market surveillance and state control.

IV. Members and representation

10. As of 31 August 2020, thirty experts participate in the Group. Members represent the following areas of competence: planning, developing and implementing technical

regulations; disaster risk reduction, business continuity and resilience management; choosing and implementing conformity-assessment procedures; cooperation among business companies and regulators; risk-management methodologies and standards; and project management.

11. The work is coordinated by Donald Macrae and Valentin Nikonov. The updated list of members is attached to the present report as an Annex and can also be found on the website.

V. Summary of webinars and meetings

12. Bi-monthly webinars and electronic data exchange are the usual means of communication of the Group.

13. The Group held four webinars and 5 brainstorming sessions between September 2019 and August 2020. Summaries of the discussions can be found in the webinars' reports.

VI. Progress in the completion of the initial plan

14. The following table provides information on when and how each of the tasks listed in the plan of work for 2020 (contained in ECE/CTCS/WP.6/2019/4) was performed and what the result was.

<i>Fields and tasks</i>	<i>Results/Comments</i>
Developing training materials and guidance documents on the implementation of the Recommendation T on standards and regulations for sustainable development;	Due to the COVID-19 crisis, the group focused instead on revising recommendation on crisis management in a regulatory framework. The task will remain in the Group's plan of work.
Finalizing the recommendation on addressing the risk of product non-compliance in international trade;	Documents supporting the draft of the recommendation V were developed.
Developing training materials and guidance documents on the implementation of the draft recommendation on the management of product non-compliance risks in international trade;	The group focused instead on developing a survey aimed at gathering international best practice in response to COVID-19 crisis.
Establishing cooperation with trade facilitation bodies, international organization working in the field, and with the customs authorities;	Recommendation V was presented to several international organization working in the field of trade facilitation.
Updating the proposal for the common regulatory objectives on cybersecurity, developing guidance documents and organizing international events on the issue;	No progress has been made in 2020.
Promotion of Group of Experts' work, also through field projects and trainings; and	A number of international organizations participated in the face-to-face meeting of the Group.

VII. Priorities and the plan for 2021

15. The main priorities for the Group of Experts in the next year are as follows:

- (a) Developing approaches aimed at improving the efficiency of implementation of risk management as a trade facilitation measure;
- (b) Finalizing the recommendation on addressing the risk of product non-compliance in international trade and on integrated risk-based import compliance frameworks;

- (c) Developing training materials and guidance documents on the implementation of the draft recommendation on the management of product non-compliance risks in international trade;
 - (d) Establishing cooperation with trade facilitation bodies, international organization working in the field, and with the customs authorities;
 - (e) Updating the proposal for the common regulatory objectives on cybersecurity, developing guidance documents and organizing international events on the issue;
 - (f) Promotion of Group of Experts' work, also through field projects and trainings; and
 - (g) Establishing and strengthening liaisons with other risk management organizations.
16. The main risks for the successful completion of the project include:
- (a) insufficient funding for the organization of the work and for the field work; and
 - (b) insufficient involvement by member States.

Annex

List of members (as of 31 August 2020)

Chairperson

Kevin Knight (ISO Technical Committee 262: Risk management, International Organization for Standardization) (until November, 2020)

Coordinators

Donald Macrae (Independent consultant)

Valentin Nikonov (Independent consultant)

Active members

1. Florentin Blanc (OECD)
2. Victor Biruk (Belarus)
3. Victoria Chepelova (Eurasian Economic Commission)
4. Michael Chujko (Secretariat of the Minister for Technical Regulation, Eurasian Economic Commission)
5. Ronald Cormier (Fisheries and Oceans Canada, Canada)
6. Alex Dali (President, Global Institute for Risk Management Standards, G31000, France)
7. Anna Davies (International Council for the Exploration of the Sea (ICES))
8. A.M. Dolan (University of Toronto, Canada)
9. Graeme Drake (Committee on conformity assessment, ISO)
10. Leonid Dvorkin (AFNOR)
11. Mike Elliott (Hull University, United Kingdom)
12. Julian Fisher (PRMIA, US)
13. David Hanlon (Conformity assessment Board, IEC)
14. Lucy He (Ministry of Economic Development, New Zealand)
15. Paul Hopkin (Institute of Risk Management, United Kingdom)
16. Valery Hurevich, (Belarusian State Institute for Standardization and Certification, Belarus)
17. Markus Krebsz (Risk Reward Limited, United Kingdom)
18. Pierre Lauquin (Independent Consultant)
19. Sean MacCurtain (Secretary, Committee on conformity assessment, International Organization for Standardization (ISO))
20. Justin McCarthy (PRMIA)
21. Alpaslan Menevşe (Chairman, Mirror Technical Committee ISO 31000, Turkey)
22. Peter Morfee (Ministry of Economic Development, New Zealand)
23. Mikhail Rogov (RusRisk, RusHydro, Russian Federation)
24. Ivano Roveda (Associazione Italiana Professionisti della Sicurezza, Italy)

25. Arman Shakkaliyev (Department for Technical Regulation and Accreditation, Eurasian Economic Commission)
 26. Paul Taylor (Federation of European Risk Management Associations, United Kingdom)
 27. Simon Webb (The Nicholas Group, United Kingdom)
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