**UNECE High-level Group for the
Modernisation of Official Statistics**

**Activity Business case for Risk Management Task Team Phase 2**

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| This business case was prepared by the Capabilities and Communication Group and is submitted to the HLG-MOS for their approval. |

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| **1 Purpose** |
| Statistical organisations across the world are facing similar challenges and are working together to build capability and modernise in the face of significant opportunities and threats. One area of recent collaboration is in the management of risk, the standards and frameworks for effective risk management and the substance of the risks we face.Risk management is evolutionary and different statistical organisations are at different levels of maturity. In a rapidly changing world and within an environment of multiple emerging threats and opportunities NSIs can use risk management in order to ensure their continuing success.This proposal (and the supporting paper provided as an annex) seeks to build on the progress which has been made with international collaboration in risk management, including guidelines, training, and the identification of common and cross-cutting risks. At a time of significant modernisation it is essential that statistical organisations enhance their capability to deliver and their resilience to a rapidly changing environment. |
| 1. **Description of the activity**
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|  During the past year a number of valuable projects have been delivered by the Risk Management Task Team:1. Development of principles and approaches for risk management in agile environments
2. Development of risk management maturity models to allow organisations to assess capability
3. Identification of common and cross-cutting risks in Statistical Organisations to start to consider sharing approaches
4. Production of a video ‘Making the Case for Risk Management’ to set the context for the management of risk in statistical organisations. This was made available to all countries via the UNECE wiki site.
5. Development and testing of Risk Management Training to support organisations when implementing risk management or growing maturity

These initiatives, and the feedback received as a result, have proven the benefit of this work and international collaboration in this space. In order to continue to support each other’s success in this challenging environment the Task Team proposes a continued focus on practical application and capability building in order to **release the value** of the UNECE Risk Management Guidelines and the previous work of the task team.It is proposed therefore that the Risk Management Task Team is commissioned to continue its work for another year in order to focus on the following:* **Develop a course book to complement the training**: Building from the pilot risk management training a ‘course-book’ should be developed for participants and a 'manual' for trainers for wider use to include techniques, tools and case studies, in parallel the training material will be finalised. It is recommended that this material, and others such as risk management maturity models, is made available via a wiki site for those organisations wanting to utilise the material themselves. This would be strictly provided to statistical organisations.
* **Repackage training into a modular format**: re-design of the training programme would allow for a tailored approach outside of the three levels originally developed.
* **Explore opportunities to share and reuse risk management tools.** It is clear that many countries would benefit from support in the implementation of a specific risk management IT tool. Although risk management is as much about people as it is about systems, one of the first steps for any organisation is to have a risk management tool in place. Many statistical organisations already have such tools, some of which are through widely used applications, and could potentially share the tools themselves or provide advice and options. The first step would be a short ‘discovery’ (run by the Task Team) at the start of 2018 to consider options for the provision of a generic risk management tool to statistical organisations.
* **Share knowledge and best practice on common and cross-cutting risks**. Through the Capability and Communication Group the Task Team will explore how to enable sharing of best practice around the identified common and cross-cutting risks. This will enable NSIs to learn from others and to successfully mitigate threats and exploit opportunity.
* **Share practices related to integration of Risk and Quality management.** One of the major hurdles to be overcome, when implementing Risk Management in NSIs relates to both applying the model to statistical production processes and engaging statistical competencies to improve quality of outputs. A good starting point could be sharing the most advanced practices in this regard.
* **Ad-hoc activity - Deliver Risk management training if requested and as resources allow**: Through the Task Team we have developed a community of experts, the members of the Task Team, who have developed and piloted the modular training. If particular countries or regions request a training course, it may be will be considered based on the availability of the experts. The country requesting the training must cover the costs (that is, cost of trainer to travel to meeting, training rooms etc).
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| **3 Alternatives considered** |
| The strong community of practice developed through the UNECE is the ideal mechanism to deliver this work and represents the avenue to maximise value but minimise effort. |
| **4 Expected Benefits** |
|  | Reduced costs |
| ✓ | Increased efficiency |
| ✓ | Reduced risks |
|   | New capabilities to meet user needs |
| Justification: This work is raising capability in risk management and will allow organisations to reduce the risk they face – and improve efficiency through enabling successful delivery. This is essential if statistical organisations are to succeed in the face of multiple challenges, in this context the benefits of improved risk management can be very significant. There is also a benefit to approaching this challenge together learning from best practice and sharing frameworks, systems and techniques is more cost effective than introducing or growing risk management in isolation. |
| **5 Type of Activity** |
|  | New activity |
| ✓ | Extension of existing activity |
|   | Other *(specify below)* |
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| **6 Which key priorities in the HLG-MOS Strategic Framework does the proposed project relate to?** |
|   | Take cost out of our organisations to reinvest in more value added areas |
| ✓ | Explore new areas collectively and leverage each other’s' research investments in specific areas |
|   | Provide whole of government data ecosystems based on international standards, for better estimates in key policy areas |
| ✓ | Renew our governance and operating processes |
| Justification: The work will build on international and country specific best practice and research into risk management, the integration of risk and quality management, and broader work to build resilient organisations. The work is focussed on the governance and operations of statistical organisations to enable successful delivery of ongoing business operations and modernisation. |
| **7 How does the proposed activity relate to other activities under the HLG-MOS?** |
| This activity would support the wider work of the Capabilities and Communications Group. It also supports the wider modernisation agenda as effective risk management is fundamentally about appropriate decision making. |
| **8 Proposed start and end dates** |
| **Start:****End:** | January 2018December 2018 |
| **9 Expected costs** |
| Staff time: N/A time will be given in order to benefit task team members and their organisationsFinancial costs: None |

**[SEE SUPPORTING PAPER ‘Report from the Risk Management Task Team’]**

**Annex**

**UNECE High Level Group for the Modernisation of Official Statistics**

**Report from the Risk Management Task Team**

**Ben Whitestone, Divisional Director Corporate Planning and Resilience, ONS (UK) - October 2017**

**Abstract**

Statistical organisations across the world are facing similar challenges and are working together to build capability and to modernise in the face of significant opportunities and threats. One area of recent collaboration is in the management of risk, the standards and frameworks for effective risk management and the substance of the risks we face. This paper describes the progress which has been made with international collaboration on risk management, including guidelines, training, and the identification of common and cross-cutting risks. We propose the next steps for consideration by the UNECE High Level Group on the Modernisation of Official Statistics.

**Introduction**

1. Across the world many National Statistical Institutes (NSIs), along with many other public and private sector organisations, have established approaches to the management of risk in order to help them deliver ongoing business and change initiatives, albeit at varying levels of maturity.
2. Effective Risk management is fundamentally about appropriate decision making. We all make decisions every single day; some decisions will create threats or opportunities whilst some will mitigate threats. Risk management helps us take decisions which are appropriate to the level of risk we are willing to take.
3. There are many factors which contribute to successful risk management, for example:
* gaining senior management support for risk management and a willingness to invest in and build risk management capability in accordance with best practice standards
* having a specific and focussed infrastructure to support the management of risk, i.e. a risk management policy, corporate risk register, risk management training and central support
* having clear risk appetite statements tolerances to allow for appropriate decision making in line with the organisation’s expectations
* developing a positive risk-management culture – embeds and supports active management of risks to ensure best decision-making throughout statistical organisations
* taking action to anticipate, treat or tolerate threats and exploit opportunities; in line with agreed appetite levels
* monitoring and reviewing progress, in order to establish whether or not any further action may be necessary, i.e. have we ‘done enough’?
* treating risks through use of action plans (mitigation), or tolerating (accepting) risk where risks are monitored not managed and contingencies are explicit
* establishing appropriate escalation processes whereby unmanageable threats are presented to senior leaders who can strategically evaluate and make final decisions regarding treatment or toleration of the threat, taking into account possible consequences
* effective identification of accountable and responsible product owners who take ownership of any risks
* ensuring effective contingency plans are in place to support management of realised risks
1. The effective management of risk is so fundamental to the success of modernisation in statistical organisations that the UNECE has been coordinating efforts across NSIs through the High Level Group for the Modernisation of Statistics. A number of UNECE countries have come together over recent years to develop risk management maturity. This represents a great example of collaboration across countries and would not have been possible without the engagement, professionalism and commitment from task team members, who are listed at Annex A. This paper summarises progress of the work to date and proposes the next stage in collaboration.

**Progress to Date**

1. A significant milestone was reached in 2016 with the publication of the UNECE Guidelines on Risk Management in Statistical Organisations (hereafter referred to as ‘the Guidelines’). This document represents a comprehensive framework for the management of risk based on international best practice (for example ISO standards) but tailored for statistical organisations. This sector specific guideline is, if not unique, certainly rare amongst different private and public sector industries.
2. Following the completion of the guidelines it was recognised that further work was needed to support NSIs to adopt the framework and to ensure that the value of the guidelines, and the work to foster collaboration in risk management, was not lost. This therefore led to a number of projects delivered by the Risk Management Task Team.
3. **Risk Management in Agile Environments**: As an addendum to the Guidelines a paper on Risk Management in Agile Environments provided a number of principles for organisations to follow if facing tensions (perceived or otherwise) between traditional project management and agile methods and cultures. The aim was to help organisations adopt a mature approach based on and understanding of risk appetite, a focus on opportunity as well as threat management and using risk management to enable decision making at the right level.
4. **Maturity Models**: maturity models were developed for risk management and for risk management in agile environments. These models enable organisations to understand where there current level of capability is and to see a path towards a more mature approach.
5. **Identification of Common and Cross-Cutting Risks in Statistical Organisations**: A workshop in London in May 2017 and in Georgia in October 2017 considered those risks which are commonly faced by statistical organisations. These are presented at Annex B. It is clear that statistical organisations face similar risks and there is value in considering how to share best practice or to collaborate in this context.
6. **Video ‘Making the Case for Risk Management’**: For those organisations with little or no formal risk management approach in place, and for others who may find it of use, a short video presentation was created which sets the context for the management of risk in statistical organisations. This was made available to all countries via the UNECE wiki site.
7. **Risk Management Training**: In order to ensure the effort to produce the Guidelines was not wasted, a key focus for the Risk Management Task Team has been on the development of a supporting training programme which would seek to take organizations from a basic level of understanding towards practical implementation of risk management and a more advanced maturity. The training programme was developed by task team members and a short demonstration conducted in Geneva in September and a fuller pilot in Georgia in October 2017.

**Focus-on: Risk Management Training**

1. As mentioned above, in order to encourage the practical application of the Guidelines a risk management training programme has been developed and tested. Initially the programme was developed at three broad levels:
* Basic level: To provide the basic understanding of the concepts, terminology and simple techniques. Focussed on the identification and logging of risks in a straightforward way. Aimed at any staff within statistical organisations. Including risk identification, definition, scoring, roles and responsibilities.
* Intermediate Level: To develop risk management practitioners with an end-to-end understanding of the management of risk. Aimed at staff where risk management is a central part of their role, or they are formally responsible for the implementation of risk management. Including: risk treatment planning, risk appetite, risk analysis, risk indicators, risk management tools.
* Advanced Level: To provide an overview of some of the more advanced concepts for those organizations who have a mature risk management system in place. Including: managing risk in an agile environment, the integration of risk and quality management.
1. The demonstration and pilot risk management training exercises offered useful feedback on the utility and effectiveness of the training delivered, focussed on the basic and intermediate levels. Overall the training was very well received, it was clear that growing capability in risk management is seen as valuable to statistical organisations and central to the success. Participants, on the whole, were able to take away specific techniques to implement within their own organisations or as a basis for further exploration.
2. Some specific points from the pilot which were highlighted as a success were:
* Knowledge sharing: there was a benefit in using the training to share experiences from both the expert trainers but also across organisations.
* Value of risk management: the training clearly demonstrated the need for, and practical application of, risk management specific in statistical organisations.
* Techniques and tools: there were specific methods and techniques outlined which could be followed and adopted.
* Appetite: the concept of risk appetite, and approach to understanding in an organisational context, was useful and stimulated discussion about the alignment between risk management and effective decision making.
* Risk identification: It was useful to consider the specific risks faced by statistical organisations and use these to consider how risk management would help organisations succeed in the face of these threats/opportunities.
1. Some specific areas for improvement from the pilot which were highlighted were:
* Need to take enough time to deliver the training: for some organisations the concepts were new and it was clear that a basic to intermediate training programme would take a number of days.
* Use of examples and country case studies: where these were used it was particularly useful so more sharing and re-use of best practice should be facilitated.
* Practical exercises: The training needed to be interactive in order to give full impact, there was perhaps a little too much theory in the demonstration and pilot events.
* Step by step approach: More structure to the training would allow for a clear pathway to be seen in terms of organisational maturity or the ‘lifecycle’ of a risk. The training material could be more ‘modular’ to allow for bespoke or tailored approaches.
1. Whilst areas for improvement were identified the work to date made it clear that training in risk a management for statistical organisations would be helpful to support modernisation and capacity building. Without such support organisations would miss the opportunity to improve the robustness of their business model and there may also be inefficiencies if organisations seek to implement risk management in separate silos.

**Conclusion and Recommendations**

1. Risk management is evolutionary and different statistical organisations are at different levels of maturity. In a rapidly changing world and within an environment of multiple emerging threats and opportunities NSIs can use risk management in order to ensure their continuing success.
2. The work of the UNECE Task Team on Risk Management uncovered many similar challenges being faced by NSIs from across the global community and through effective collaboration, sharing and capacity building, built a strong network and knowledge-base, with an acceptable (although not insignificant) level of investment of time and expertise from UNECE and members of the task team.
3. In order to continue to support each other’s success in this challenging environment the Task Team proposes a continued focus on practical application and capability building in order to **release the value** of the UNECE Risk Management Guidelines and the follow-up work which has been detailed in this paper. It is proposed therefore that the Risk Management Task Team is commissioned to continue its work for another year in order to focus on the following:
* **Delivery of an expended Knowledge-base for Risk Management in Statistical Organisations**: Building from the pilot risk management training a ‘course-book’ should be developed for participants and a 'manual' for trainers for wider use to include techniques, tools and case studies, in parallel the training material will be finalised. It is recommended that this material, and others such as risk management maturity models, is made available via a wiki site for those organisations wanting to utilise the material themselves. This would be strictly provided to statistical organisations.
* **Provision of Risk management training to specific countries/regions**: Through the Task Team we have developed a community of experts, the members of the Task Team, who have developed and piloted the modular training. This cadre would be able to conduct training events if useful to particular countries or regions. Demand would be accessed through the UNECE community.
* **Development of the he training programme into a modular format** – re-design of the training programme would allow for a tailored approach outside of the three levels originally developed.
* **Continued sharing of knowledge and best practice around areas of common and cross-cutting risk**. Through the Capability and Communication Group the Task Team will explore how to enable sharing of best practice around the identified common and cross-cutting risks. This will enable NSIs to learn from others and to successfully mitigate threats and exploit opportunity.
* **Developing the concept and the methodology of integration between Risk Management and Quality management.** One of the major hurdles to be overcome, when implementing Risk Management in NSIs relates to both applying the model to statistical production processes and engaging statistical competencies to improve quality of outputs. For both bodies which set standards and frameworks (such as Eurostat) and for NSIs who are undergoing modernisation innovating tools such as Risk Management can combine the analysis of production processes with the organization’s improvement (according to the GSBPM and GAMSO standards), removing obstacles to data quality. A good starting point could be sharing the most advanced practices in this regard.
* **Provision of a Generic Risk Management Tool *or* Sharing of Options**. It is clear that many countries would benefit from support in the implementation of a specific risk management IT tool. Although risk management is as much about people as it is about systems, one of the first steps for any organisation is to have a risk management tool in place. Many statistical organisations already have such tools, some of which are through widely used applications, and could potentially share the tools themselves or provide advice and options. The first step would be a short ‘discovery’ (run by the Task Team) at the start of 2017 to consider options for the provision of a generic risk management tool to statistical organisations.
1. The timeline below gives a rough indication of the delivery plan for this work.

November 2018

August 2018

May 2018

February 2018

November 2017

Training Manual

Publish Knowledgebase

Finalise ‘Course Book’

Run Risk Management Training (delivered locally)

Risk System ‘Alpha’ – specific task depends on ‘Discovery’

Run Risk Management Training (opportunity based - by central team)

Risk System ‘Discovery’

Develop Training Modules

Develop ‘Course Book’

**Annex A: Task Team Membership**

Ben Whitestone (Chair) – ONS UK

Michael Quinlan – CSO of Ireland

Michael Goit – Statistics Canada

Rosalynn Mathews – ABS

Fabrizio Rotundi and Marco Tozzi – Istat

Federico Ceschel – University of Rome

Barbara Kolasinska, Jerzy Auksztol – CSO of Poland

Stela Derivolcov – National Bureau of Statistics of the Republic of Moldova

Alessandra Politi – Eurostat

Therese Lalor and Tetyana Kolomiyets – UNECE

**Annex B: Common and Cross-Cutting Risks Facing Statistical Organisations**

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| POLITICAL | Actual, attempted or perceived manipulation of the statistical office by Government leading to lack of trust, questions over independence and struggles to deliver without influence. |
| Blockage of professional initiatives for political purposes leading to the inability of statistical organisations to change and deliver strategic objectives. |
| Government and opposition use of statistics for political point scoring leading to public questions about accuracy, and potential misuse of statistics. |
| Lack of communication and engagement between government institutions leading to a disconnect between policy and evidence. |
| Political criticism of the statistical office or statistical outputs for political purposes leading to inability to show the true position to the public. |
| Opportunity to drive user led activities which are independent from political influence and grow trust and reputation. |
| ECONOMIC | Competition from private sector organisations for staff leading to a loss of skills and expertise and the inability to deliver outputs or innovate. |
| Dependence of the statistical office's financial position on government funding and the economic position of the country leading to a lack of ability to plan for the longer term or make significant investments. |
| Inadequate labour conditions (space, equipment) leading to inability to deliver work at particular points. |
| The majority of the statistical office's budget allocated to staff and ongoing production leading to only a small share of budget for modernisation, transformation, maintinence of quality and development. |
| SOCIAL | Low salaries in the statistical office leading to struggles to recruit high quality staff partiocularly in areas such as analysis and data science. |
| Aging of the population leading to an older workforce and more consideration around health and care issues. |
| Increasing influence of industrial unions leading to struggles to maintain the balance between staff expectations and flexibility to meet them. |
| Lack of staff engagement due to limited flexibility around reward and recognition, leading to struggles to retain and motivate people. |
| Limited opportunity to build capacity, to train staff in new and innovative approaches. Leading to a lack of capability to deliver new outputs and services. |
| Reducing staff numbers due to government efficiency savings and austerity measures, leading to struggles to maintain delivery. |
| The existence of vulnerable population groups within the country leading to social unrest and therefore struggles for the statistical office and wider government to operate effectively. |
| Worsening of social policy for civil servants leading to a loss of staff from the public sector. |
| TECHNOLOCICAL | Lack of integrated IT infrastructure leading to silo based working and a lack of ability to change, for example to integrate administrative data into production on old systems. |
| Lack of technology and infrastructure in rural areas (i.e. internet access) leading to struggles to roll-out online collection and other delays to delivery and inefficiencies. |
| Limited capability to work with modern technologies leading to a delay in implementation and improvement. |
| Limited possibility to support and develop information security due to budget restraints and capability limitations, therefore exposing the statistical office to increasing cyber threat. |
| Technological depreciation creating increased costs for statistical organisations wanting to keep pace with developments. |
| LEGAL | Difficulties and complications in amending and influencing legal acts, leading to bottlenecks and an interruption in harmonisation. |
| Incomplete reforms in the public administrative system, leading to weaknesses in governance and questions around the position of the statistical office and its ability to influence. |
| Lack of complete framework for access to individual and confidential data leading to the inability to use microdata for research and development. |
| Lack of formal legislative basis for statistics (in some countries) leading to a struggle to comply with generic law or the inability for the statistical office to be in a stable position. |
| Lack of legislation to allow for the use of admin data leading to continued burden of survey collection and slow change. |
| Non-fulfillment of legal acts by other government agencies leading to the supply of data being interrupted and risking delivery of outputs. |
| ENVIRONMENTAL | Lack of government programmes on sustainable development leading to an inability for the country to develop a stable position. |
| Low level of trust leading to a high demand for background information and metadata. Leading to the statistical organisation constantly having to make the case for statistics rather than concentrating on delivery. |
| Lower level of statistical literacy among users at all levels leading to misinterpretation of data and questions around integrity. |
| Natural disaster or extreme climate leading to disruption in business continuity and the inability to deliver outputs. |
| Opportunity for the statistical office to use its resources rationally and appropriately leading to lower spend and greater efficiency. |