PUBLIC GOVERNANCE AND TERRITORIAL DEVELOPMENT DIRECTORATE
PUBLIC GOVERNANCE COMMITTEE

INCORPORATING INFORMATION ON RISK INTO DECISION-MAKING
Meeting of Senior Officials from Centres of Government: Leadership in Managing Risk

Vienna, 28-29 September 2006

This document provides background information for Session 2 on Thursday 28 September from 11:00 a.m. to 12:30 p.m.

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Session 2
Incorporating information on risk into decision-making

| Aim | To examine how information on risk is incorporated (or ignored) in everyday decision-making at the Centre of Government. |
| Outcomes | Clarify how Centres of Government balance expert opinion and political judgement of risk when taking decisions. |

<table>
<thead>
<tr>
<th>Key issues</th>
<th>Elements</th>
<th>Questions for discussion</th>
</tr>
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</table>
| 1. Decision tools for handling risk | Incorporating risk when crafting a decision:  
  - Translating risk information into options for action  
  - Weighing up the options: treat, transfer, terminate or tolerate risks | • How can political decision-makers be persuaded to focus on long-term, systemic or low probability/high impact risks?  
• Have Centres of Government defined thresholds at which a government decision to intervene and manage risks is triggered? |
| 2. Improving co-ordination to manage risk | Managing risk by:  
  - Strengthening integrated risk management for cross-cutting risks  
  - Co-ordinating with the private sector and internationally | • Failure to address risks is often due to a lack of co-ordination within government. How can CoGs help overcome these barriers? (e.g. by merging units, creating umbrella institutions, promoting integrated risk management)  
• Are the government’s contingency plans and response structures coordinated with counterparts in the private sector, particularly with regard to critical infrastructures? (e.g. privately owned electricity grids or telecoms networks)  
• How do CoGs balance uncertainty, expert advice, conflicting values and interests when formulating strategies to contain, mitigate or accept risks?  
• Have Centres of Government put the resilience and reaction capacities of national risk management systems to the test? With what results? |
| 3. Responding to risk | Getting everyone on board:  
  - Clarifying the respective roles of civil servants, technical experts and political advisors  
  - Understanding public perceptions and tolerance of risk  
  - Effective public communication on risk |  |
Emerging systemic risks: an agenda for action

1. Adopt a new policy approach to risk management
2. Develop synergies between the public and the private sectors
3. Inform and involve stakeholders and the general public
4. Strengthen international co-operation
5. Make better use of technological potential and enhance research


"...having a risk framework is good, but it’s how you execute it and your attitude to it that’s key.”
Graeme Willis, National Australia Bank

Figure I: IRGC Risk Governance Framework

Deciding what to do: criteria for choosing options

1. Effectiveness
2. Efficiency
3. Minimisation of external side effects
4. Sustainability
5. Fairness
6. Political and legal implementability
7. Ethical acceptability
8. Public acceptance