

Risk-based Regulation: Choices, Practices and Lessons Being Learnt (Risk and Regulatory Policy: Improving the Governance of Risk)

This chapter identifies key aspects of the risk-based frameworks of eleven regulators in four countries across four sectors: environment, food safety, financial markets and health and safety. Risk-based frameworks contain real choices as to the types and levels of risk the regulator is prepared to tolerate. Risk-based regulation therefore requires regulators to take risks. In practice the risk-based frameworks themselves have risks and a regulator's risk tolerance is ultimately driven by the political context. The chapter explores how these are addressed. Section 6.1 of this chapter defines risk-based regulation, explores the motivations for its adoption, sets out the main elements of risk-based frameworks, and provides some examples. Section 6.2 explores key questions that arise in practice with respect to each of these elements. Section 6.3 examines some of the main issues and challenges which have arisen in implementation. Finally, Section 6.4 discusses the evaluation of risk-based frameworks and identifies lessons learned.

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