



WORLD CUSTOMS ORGANIZATION

WORLD CUSTOMS ORGANIZATION



RISK MANAGEMENT

*Symposium on Trade Facilitation
and the Doha Development Agenda
Seoul, Korea; 27-28 November 2012*

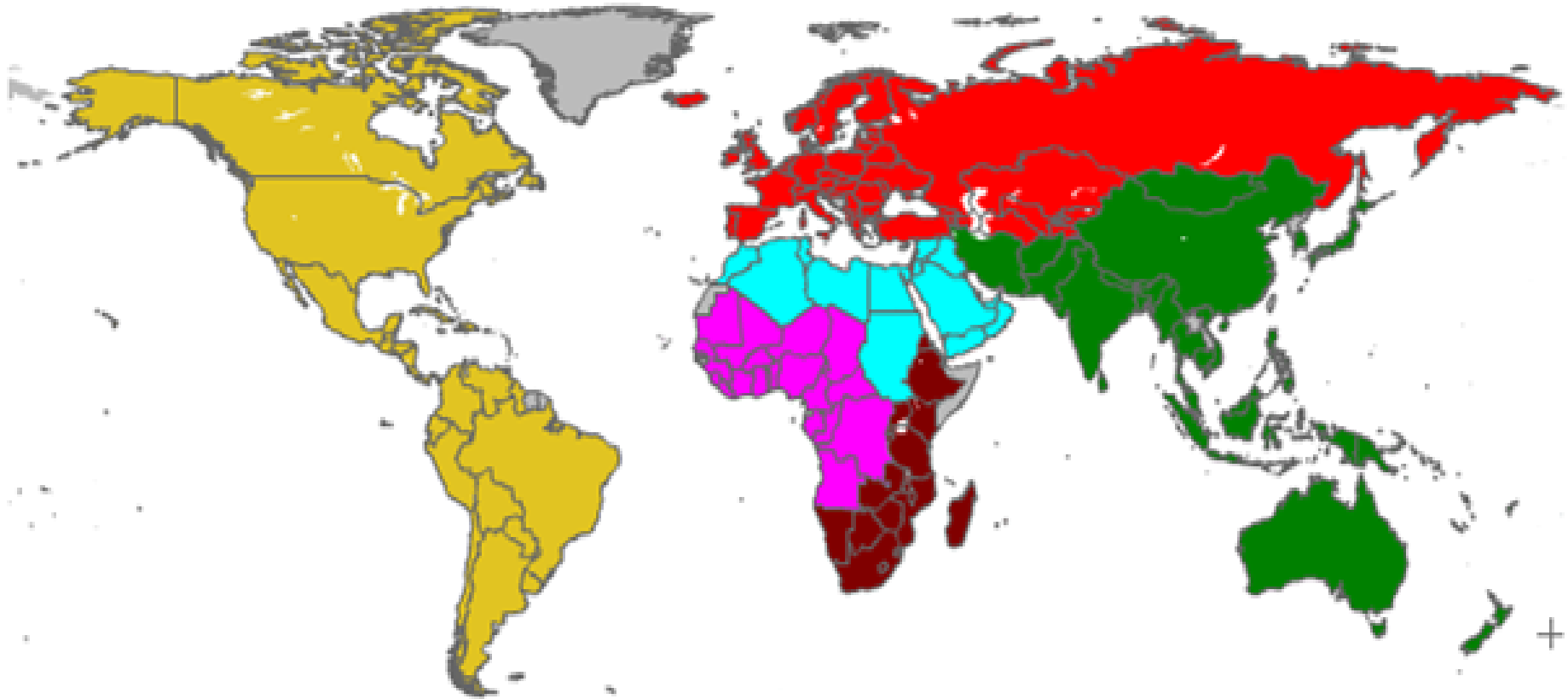
Oguz Onal
Program Manager - Intelligence and Risk Management
Compliance and Facilitation Directorate
World Customs Organization
oguz.onal@wcoomd.org
<http://www.wcoomd.org>



WORLD CUSTOMS ORGANIZATION

WORLD CUSTOMS ORGANIZATION

Established in 1952. 179 Members divided into 6 regions, responsible for processing 98% of international trade





Prime responsibilities of Customs



1. Revenue Collection

- Traditional role of Customs

2. Community Protection

- Public health
- Drugs
- Environment ...

3. Security

- Terrorism
- Firearms...

4. Trade Facilitation

- Compliant; non-compliant trader

5. Collecting trade data

- Import, Export...



Challenges -why RM

- Changes in operating environment
- High volume of trade / number of passengers
- Expectations for trade facilitation
- Revenue collection considerations
- Deliver better results with the same or fewer resources



What is **RISK** Management?

“Coordinated activities by administrations to direct and control risk”

Risk Management is used widely

- **Finance and Investment**
- **Insurance**
- **Health Care**
- **Public Institutions**



WORLD CUSTOMS ORGANIZATION

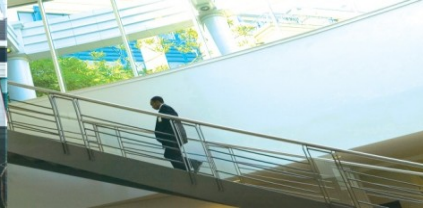
WCO CUSTOMS RISK MANAGEMENT COMPENDIUM



Volume 1:
**Principles,
framework, process
for managing risk**



Volume 2:
**Operational risk
management, tools
and instruments**

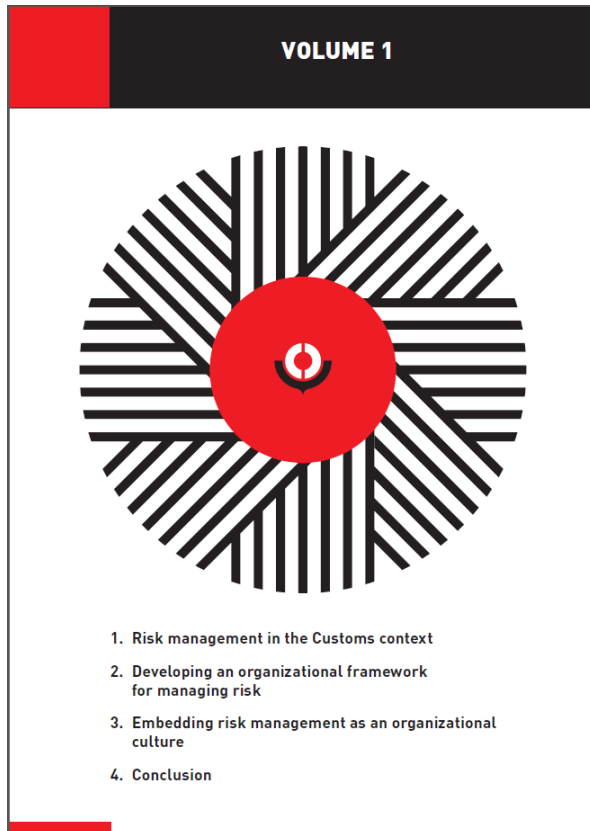


WCO Customs Risk Management Compendium

- **Adopted by the Council in June 2011**
- **“Our approach to Risk Management”**
- **Available through WCO Web site**
 - **Volume 2 restricted to WCO Members only**
- **Remains a living document**



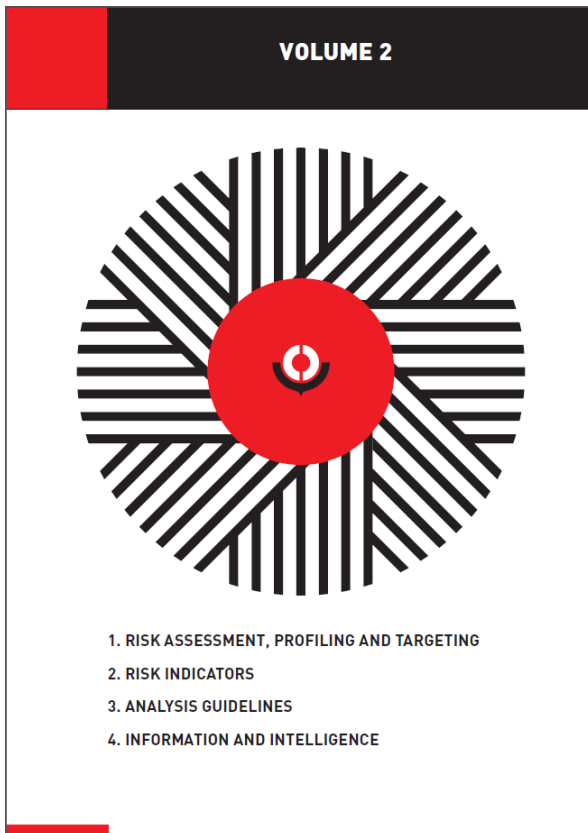
RMC - Volume 1



**Principles, framework,
process for managing risk**

- 1. RISK MANAGEMENT IN THE CUSTOMS CONTEXT**
- 2. DEVELOPING AN ORGANIZATIONAL FRAMEWORK FOR MANAGING RISK**
- 3. EMBEDDING RISK MANAGEMENT AS AN ORGANIZATIONAL CULTURE**
- 4. CONCLUSION**
- 5. BIBLIOGRAPHY**
- 6. ANNEXES**
 - ANNEX 1: RISK MANAGEMENT TECHNIQUES AND TOOLS
 - ANNEX 2: COMPLIANCE MEASUREMENT
 - ANNEX 3: APEC RISK MANAGEMENT PROCESS SELF-ASSESSMENT
 - ANNEX 4: RISK ASSESSMENT/TARGETING CENTRES
 - ANNEX 5: CASE STUDIES BY MEMBERS

RMC - Volume 2



**Operational risk
management,
tools and instruments**

Risk assessment, Profiling and Targeting

Risk Indicators

- General High Risk Indicators
- Standardized Risk Assessments, Model Risk Indicators/Profiles
- Risk indicators/manuals (int. trade logistical phases)
 - Maritime-cargo (pre-arrival, arrival, post arrival)
 - Air-cargo (pre-arrival, arrival, post-arrival)
 - Land cargo (pre-arrival, arrival, post-arrival)
- Intellectual Property Infringement

Analysis Guidelines

Information and Intelligence

- Global Information and Intelligence Strategy
- National Information and Intelligence Strategy



WORLD CUSTOMS ORGANIZATION

Risk Management Architecture

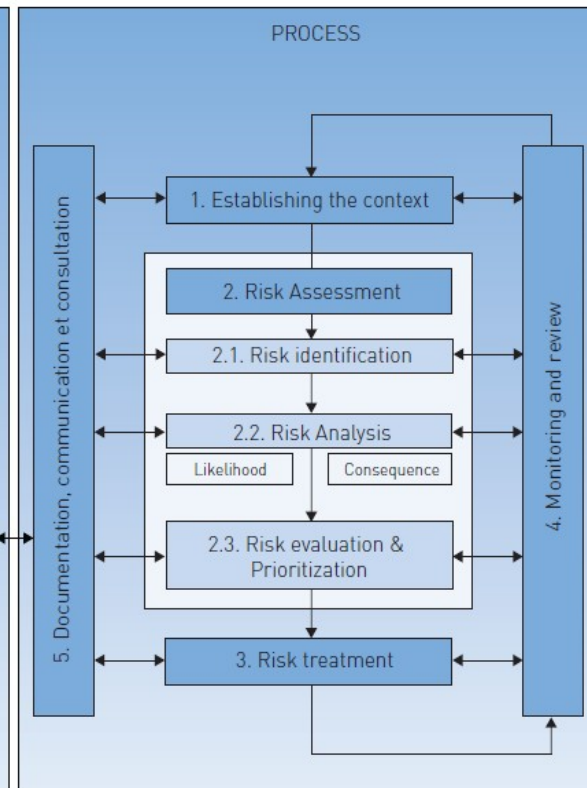
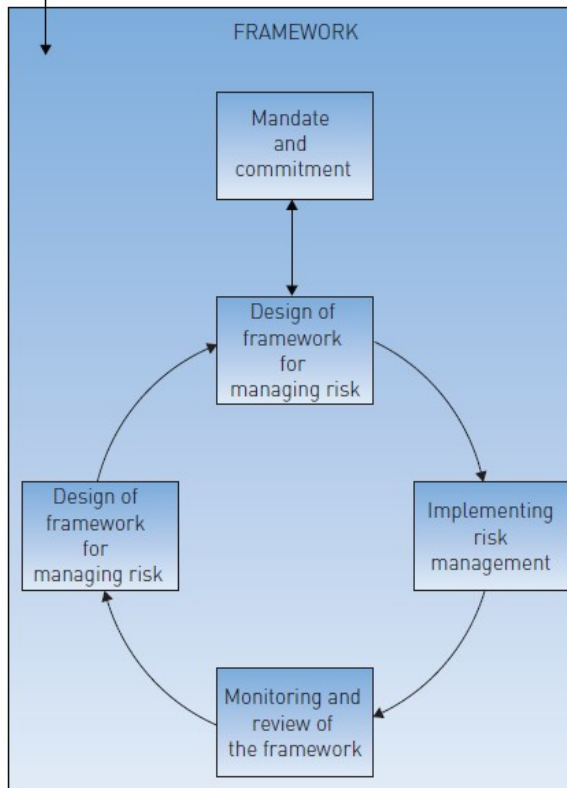
** Principles*

** Framework*

** Process*

PRINCIPLES

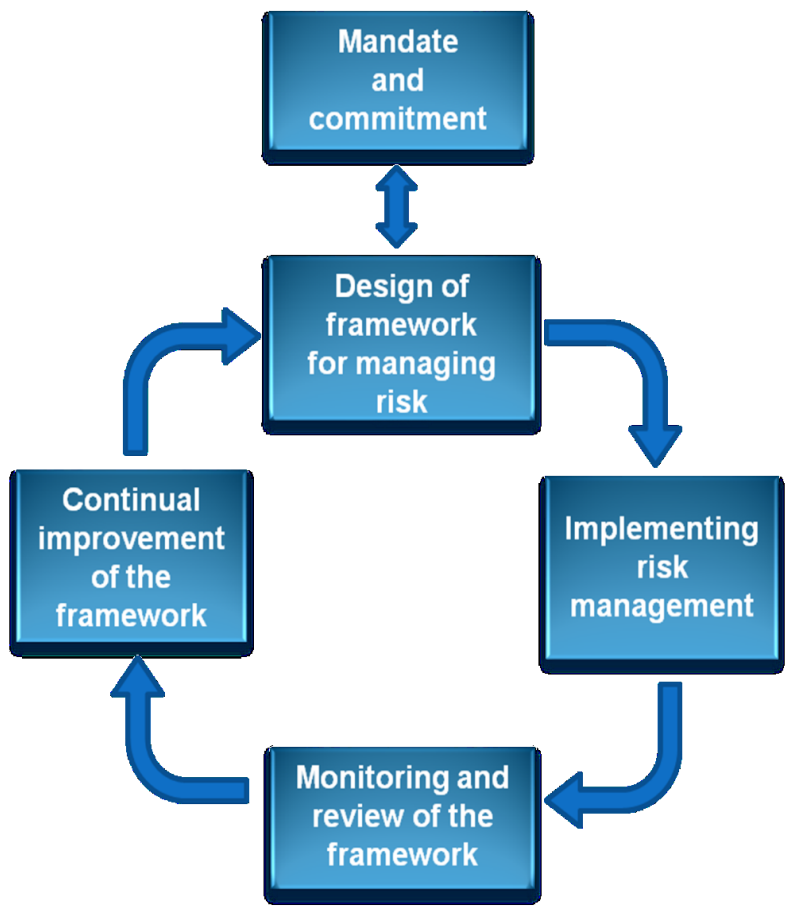
- Contribute to the achievement of objectives and improve performance;
- Be tailored and aligned with the administration's external and internal context and role;
- Be an integral part of all organizational processes;
- Be part of all the decision-making processes;
- Be systematic, structured and timely;
- Based on best available information;
- Be transparent and inclusive;
- Be dynamic, iterative and responsive to change;
- Facilitate continual improvement; and
- Take into account human and cultural factors recognizing capabilities, perceptions and intentions of external and internal people that can facilitate or hinder achievement of authority's goals.



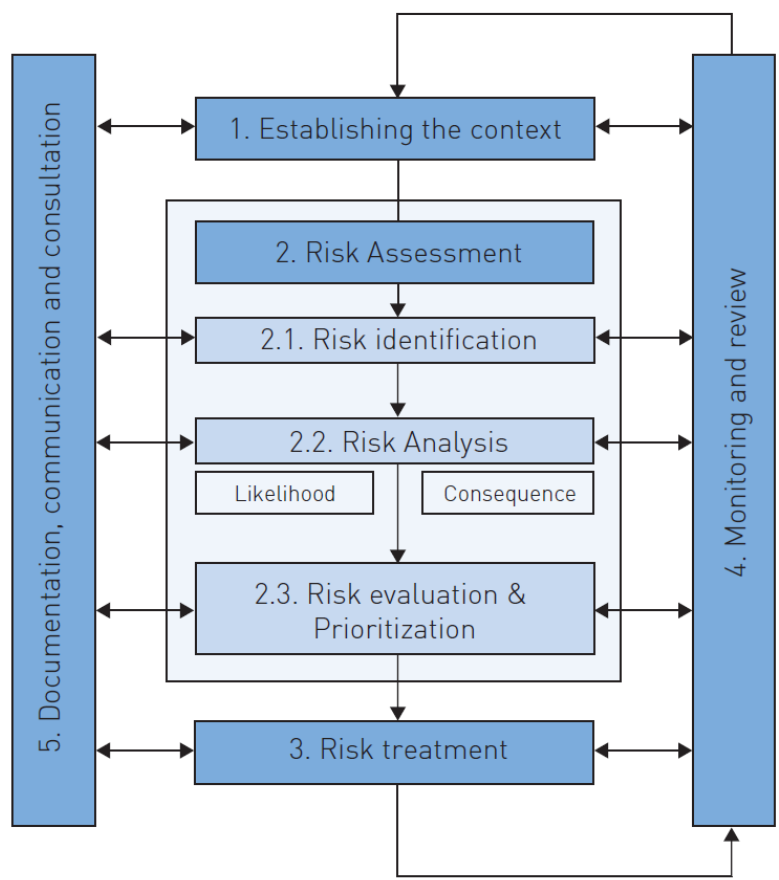


RISK MANAGEMENT

Framework



Process





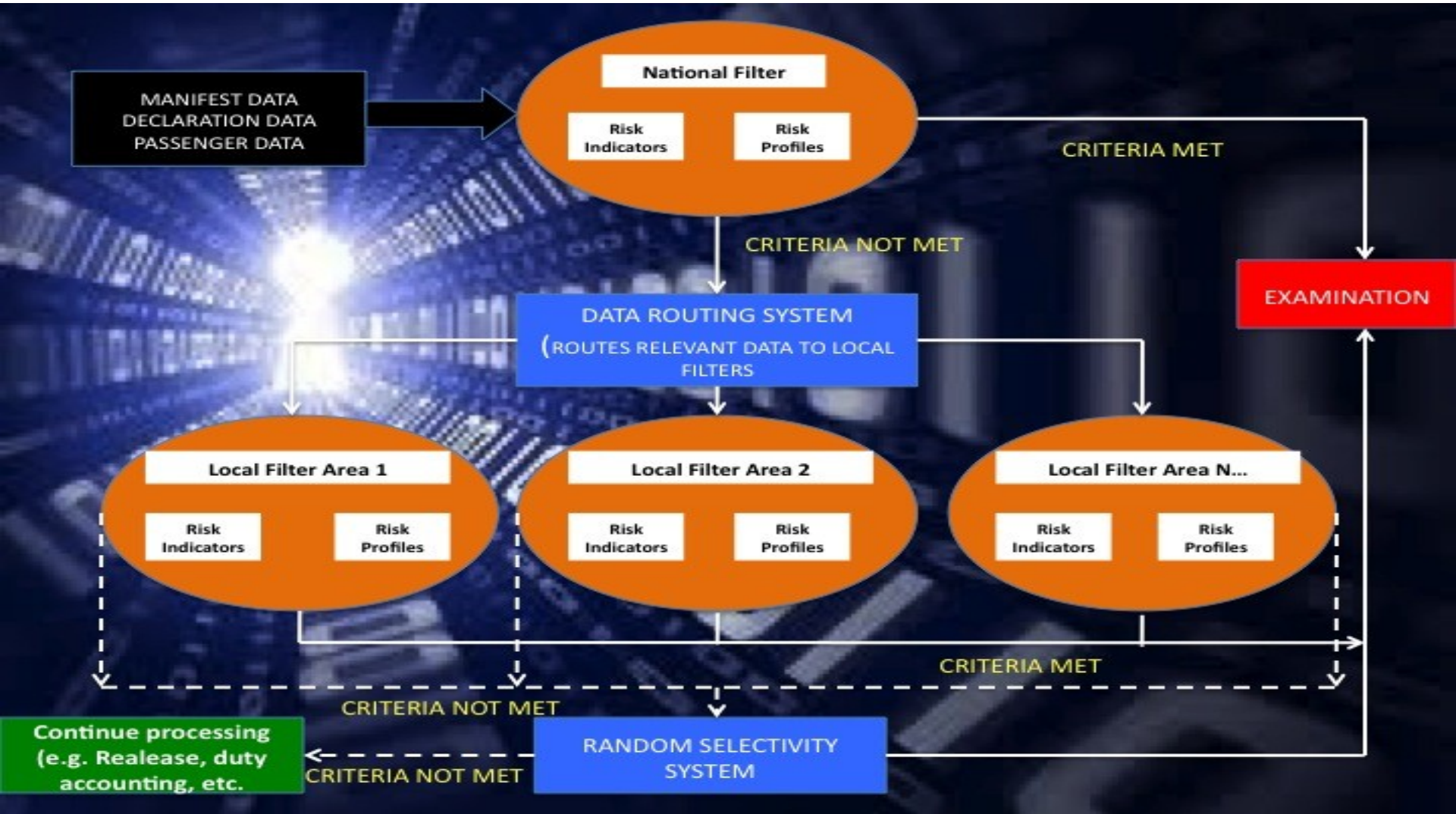
WORLD CUSTOMS ORGANIZATION

Risk Register -basic example

Objectives (Risk Areas)	Risk	L	C	S	Treatment	Risk Owner	Monitor Review
1. Effective and efficient collection of revenue	1.1. Fraud				-A throughout mitigating strategy and plan needed	-Head: Operations	
	1.2 . Lack of staff competence				-Tolerate once additional training to staff is provided. Monitor continuously.	-Head: Revenue collection & Training	
	1.3. Integrity				-Tolerate: Monitor	-Head: Administration	
2. ...							



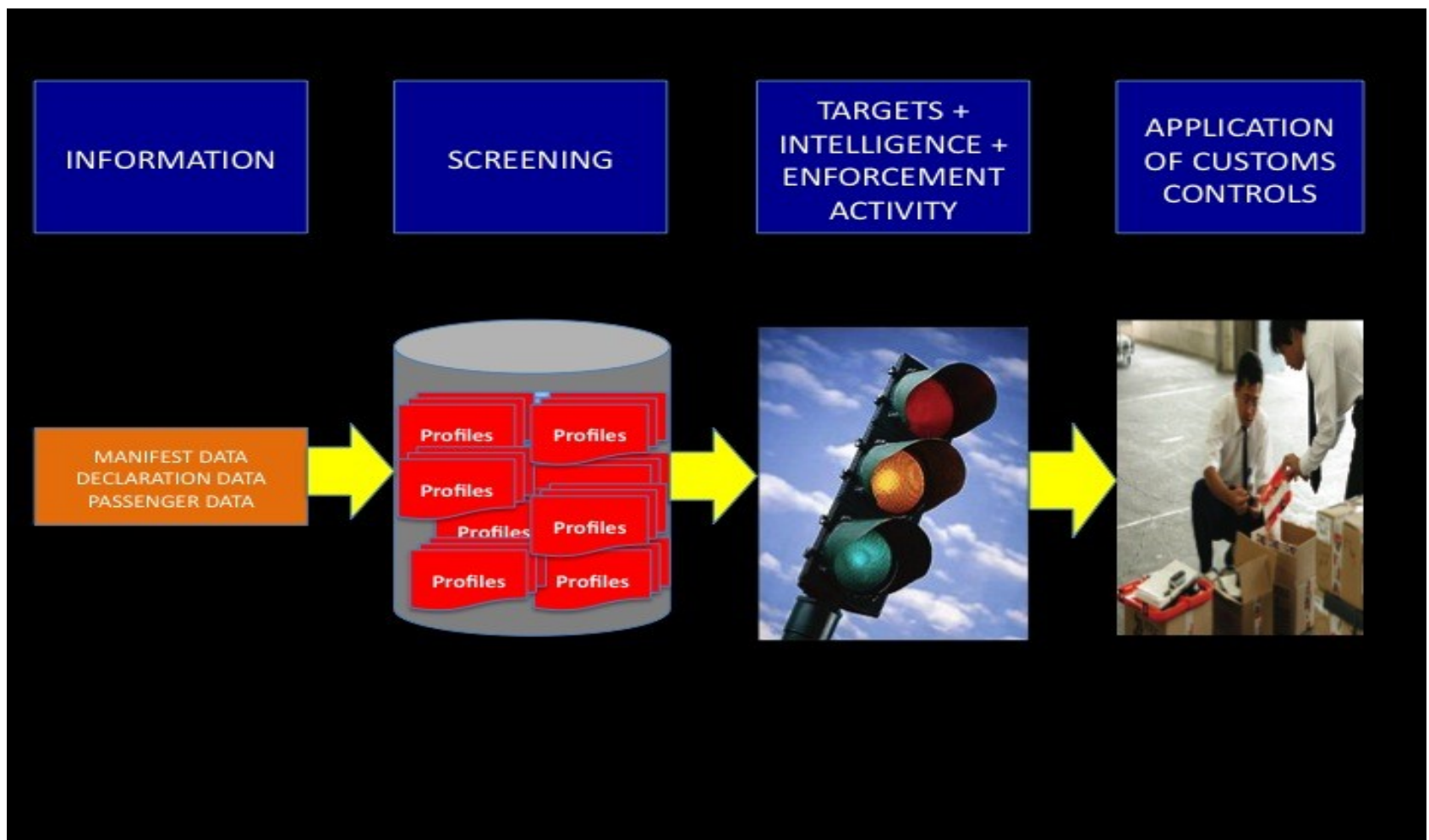
Selectivity layers - example





WORLD CUSTOMS ORGANIZATION

CUSTOMS CONTROL





Intelligence-driven risk management

Why intelligence?

Customs decision-makers need accurate and timely intelligence products to inform their decision-making and actions.

- Headquarters, senior managers
- Mid-management level
- Field level



WORLD CUSTOMS ORGANIZATION

Decision making levels and types of intelligence

Strategic intelligence

Senior Managers – HQ

new and changing threats or opportunities, to help them make decisions about the strategic positioning of Customs

Tactical intelligence

Mid-management

new or changing patterns of compliance to support decisions about how to deploy front-line resources

Operational intelligence

Field-level

activities, capabilities and intentions of specific non-compliant individuals/businesses – information about daily operations



Intelligence-driven risk management

- **Intelligence enables to reduce the level of uncertainty**
- **Better informed decisions**
“Shooting with a rifle instead of a shotgun”
- **Being proactive instead of being merely reactive**





Benefits of Risk Management

- Enhanced political and community support
- Efficiency in operations/objectives
- Allocate resources more effectively and efficiently
- Enhanced decision-making
- From traditional control procedures to risk-based approach
- Focusing high-risk areas - risk-based selectivity



WORLD CUSTOMS ORGANIZATION

THANK YOU FOR YOUR ATTENTION



Oguz Onal
Program Manager - Intelligence and Risk Management
Compliance and Facilitation Directorate
World Customs Organization
oguz.onal@wcoomd.org
<http://www.wcoomd.org>