Risk Management
The experience of ASYCUDA
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The ASYCUDA Programme
# ASYCUDA around the world

## ASYCUDA in 5 Continents

<table>
<thead>
<tr>
<th>Continent</th>
<th>ASYCUDA users</th>
<th>Customs declarations processed yearly</th>
<th>Trained users</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>41</td>
<td>3,800,000</td>
<td>3000</td>
</tr>
<tr>
<td>Americas and the Caribbean</td>
<td>23</td>
<td>3,336,000</td>
<td>11000</td>
</tr>
<tr>
<td>Asia and Pacific</td>
<td>17</td>
<td>4,435,000</td>
<td>9519</td>
</tr>
<tr>
<td>Europe</td>
<td>12</td>
<td>5,005,000</td>
<td>10500</td>
</tr>
</tbody>
</table>

Source: ASYCUDA World report
From ASYCUDA v1 to ASYCUDA 4G
## PAM Members

<table>
<thead>
<tr>
<th>MEMBER</th>
<th>ASYCUDA version</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td>ASYCUDA&lt;em&gt;World&lt;/em&gt;</td>
</tr>
<tr>
<td>Bosnia-Herzegovina</td>
<td>ASYCUDA++</td>
</tr>
<tr>
<td>Jordan</td>
<td>ASYCUDA&lt;em&gt;World&lt;/em&gt;</td>
</tr>
<tr>
<td>Lebanon</td>
<td>ASYCUDA&lt;em&gt;World&lt;/em&gt;</td>
</tr>
<tr>
<td>Libya</td>
<td>(ASYCUDA&lt;em&gt;World&lt;/em&gt;)</td>
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<thead>
<tr>
<th>MEMBER</th>
<th>ASYCUDA version</th>
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</thead>
<tbody>
<tr>
<td>Palestine</td>
<td>ASYCUDA&lt;em&gt;World&lt;/em&gt;</td>
</tr>
<tr>
<td>Syria</td>
<td>ASYCUDA&lt;em&gt;World&lt;/em&gt;</td>
</tr>
<tr>
<td>FYROM</td>
<td>ASYCUDA++</td>
</tr>
<tr>
<td>Tunisia</td>
<td>(ASYCUDA&lt;em&gt;World&lt;/em&gt;)</td>
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</tbody>
</table>

### ASSOCIATE MEMBER

<table>
<thead>
<tr>
<th>ASSOCIATE MEMBER</th>
<th>ASYCUDA version</th>
</tr>
</thead>
<tbody>
<tr>
<td>Romania</td>
<td>ASYCUDA++</td>
</tr>
<tr>
<td>Georgia</td>
<td>ASYCUDA&lt;em&gt;World&lt;/em&gt;</td>
</tr>
</tbody>
</table>
Risk Management
Risk Management

General concept

Risk

“The chance of an event occurring which may have a negative impact on any Business operation or related activity”

Risk Management

✧ A logical and systematic method to identify, analyze, treat and monitor risks involved in Business activities or processes
✧ A methodology for Managers to make best use of resources
Use of Risk Management

- Integral part of business;
- Minimize use of resources;
- Increase control efficiency;
There is an increasing tendency to integrate Other Governmental Agencies (OGA) process to Customs process (one stop shop).

Naturally, some agencies coordinate efforts with Customs (MoF, Agriculture, Health, Standards, etc.), however other agencies are also being involved, such as Immigration, Secret Services...

Some countries have created Integrated Border Management Agencies - Canada or USA.
Why Risk Management?

- Customs need to ensure that movement of vehicles and goods across borders occurs within the framework of laws, regulations and procedures.

- Given the high number of export, import and transit transactions, Customs need to use risk analysis to determine which persons, goods, and means of transport should be examined and to what extend (WCO Revised Kyoto Convention, Standard 6.4.).

- Risk analysis and risk assessment are analytical processes that are used to determine which risks are the most serious and should have priority for being treated or having corrective action taken.
# Implementation Policy

Requirements and commitments to implement RM in Customs

<table>
<thead>
<tr>
<th>NATIONAL OBJECTIVES</th>
<th>Government and Customs Administrations: strategic decisions on Revenue collection targets; Effective use of staff; and Trade Facilitation</th>
</tr>
</thead>
<tbody>
<tr>
<td>RM POLICY</td>
<td>Adoption of Risk Management Principles as National Policy, with appropriate Customs laws and Publicity</td>
</tr>
<tr>
<td>ADMINISTRATION OF RM POLICY</td>
<td>Management responsible for implementing the RM policy; allocate and train staff; set reporting standards; and review criteria</td>
</tr>
<tr>
<td>SELECTION CRITERIA MUST REFLECT POLICY</td>
<td>RM policy is implemented using selectivity parameters, criteria and, when possible, value controls, based on the National RM policy</td>
</tr>
<tr>
<td>INVOLVEMENT OF SYSTEMS</td>
<td>From data capture, i.e. declaration and cargo information (SAD and Manifest)</td>
</tr>
<tr>
<td>INSPECTION &amp; REPORTS</td>
<td>Physical &amp; documentary checks; discrepancies; re-routing; and reporting examination results</td>
</tr>
</tbody>
</table>
Methodology

1. Establish the Context
2. Identify Risks
3. Analyze Risks
4. Evaluate Risks
5. Treat Risks

&

1. Monitor & Review
2. Research & Communicate
The ASYCUDA tool
The ASYCUDA tool

Selectivity

✧ Risk Profiling
✧ Targeting
✧ Evaluation of risks
✧ Selection criteria
✧ Inspection
Processing Lanes

**RED**

- Documentary and Physical examination.

**YELLOW**

- Documentary scrutiny.

**BLUE**

- Post Clearance Audit - PCA.

**ZERO**

- Immediate release.
5

Benefits and Results
Benefits of implementing RM

- **Human Resource allocation** - Customs staff can concentrate efforts on risky consignments;

- **Revenue** – Despite few physical inspections, efficiency and professionalism in Customs controls have positive impacts on revenue collection;

- **Compliance with laws and regulations** – Improved efficiency in Customs and traders’ incentive to achieve faster release through the green channel bring about better compliance on the part of the traders;

- **Collaboration between traders and Customs** – Interaction between Customs and traders leads to better understanding and improved relationship;

- **Release times** – Risk-based clearance implies that Customs can release the vast majority of shipments immediately after the Customs declaration is assessed;

- **Lower transaction costs** – New RM techniques release most consignments within a few hours, thus saving significant transaction costs to traders.
Results – Cases

- **BOLIVIA**: In 2001, implemented its RM approach with great deal of success: only 20% physical inspection, 20% documentary check and 60% automatic release.

- **JORDAN**: Dropped clearance times to 2 hours for low-risk consignments; despite constant tariff reductions, the revenue maintains similar levels; 7 Government Agencies have joined Customs and they are all integrated.

- In 2013 it is expected to have at least 40% of ASYCUDA countries applying RM concepts and techniques;

- Those countries applying RM concepts and techniques are already reducing the clearance times.
Challenges and Support
Challenges

- Revenue collection targets have an effect on selection criteria;
- Update legal framework (Law and regulations) - Currently often oriented to high percentages of physical inspection;
- Allocation of staff to Risk Management;
- Selection criteria must be in line with expected results of Selectivity;
- Reduce /Avoid manual operations and use of forms (not controlled by the system) that affect the correct implementation of Risk Management;
- Increase enforcement techniques (internal and external);
- Electronic recording and dissemination of discrepancies;
- Declarations selected for PCA to be cleared in the system;
- Results of PCA reported to the Risk Management Team.
Support from rule-makers

✧ Promote Endorsement Acts to support and promote RM practices in Customs;
✧ Promote creation of RM Post-grade programmes (Universities);
✧ Promote funding for RM training (participating countries);
✧ Generate recognition awards for countries promoting and implementing RM in Customs;
✧ Promote Governments’ enhanced bilateral/multilateral agreements with countries applying RM.
Risk Management

The experience of ASYCUDA