



Session 5: Introduction to Integrated Risk Management and Risk Mapping Process to Support the AEO Program

National Workshop on the Enhancement and Sustainability of the Authorized Economic Operators (AEO) Program in CAREC

13-14 August 2024, Astana, Kazakhstan

Objectives

Support

Support Customs' governance responsibilities by ensuring that significant risk areas associated with policies are identified and assessed

Enhance

Enhance the risk management system through more informed decision-making

Strengthen

Strengthen partnership with Partner Government Agencies (PGAs)

Enhance

Enhance stewardship by strengthening public service capacity to safeguard people, government property and interests.

Integrated Risk Management Strategy

Applying	Applying standardized methodologies to manage non-compliance risk in border
Strengthening	Strengthening the role of import compliance procedures in market surveillance and enforcement systems run by regulatory authorities
Integrating	Integrating import compliance processes applied at the border of respective regulatory systems to support all regulatory goals and respective SDGs
Ensuring	Ensuring efficient integration of risk management processes of all regulatory agencies involved in border control; when appropriate
Consolidating	Consolidating risk management in border control with other trade facilitation tools, such as the single window

SOURCE: MANAGING RISK FOR SAFE AND EFFICIENT TRADE – ITC AND UNECE, AUGUST 2022

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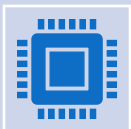
Benefits of an Integrated Approach



Creates a common risk management language and processes at the border to define risk tolerance and manage non-compliance risks, among others.



Leads to more efficient cooperation among regulatory authorities, allowing consideration of correlations among risks and findings of agencies involved in border control, use of common data models and cooperation to develop risk profiles and compliance rules.



Saves resources of regulatory agencies by allowing regulators to share risk management expertise, IT infrastructure and software tools and processes when they develop and apply risk profiles and non-compliance shipments.

SOURCE: MANAGING RISK FOR SAFE AND EFFICIENT TRADE – ITC AND UNECE, AUGUST 2022

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Regulatory Risks of an Economic Operator

Risk of an Economic Operator	Risk of a Regulatory System
Imported products do not comply with regulations	Use of poor-quality products in production processes and use of dangerous products in production processes
Supplier problems, including failure to supply	Shortage of the imported products on the market
Transport delays and potential hold-ups at ports	Disruption in the supply chain of critical businesses
Possible loss of or damage to goods in transit	Bankruptcies of importers
A truck will break	Transport infrastructure is not available in the sector
Accident at the port	Injuries at work

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Risks to Achieving SDGs

SDG	Objective of Regulatory Systems	Risk Events (examples)
End poverty in all its forms everywhere	Food safety: ensure the availability of food for poor and vulnerable	Higher food prices and shortage of essential food products
	Transport: ensure availability of transport for the poor and the vulnerable	Increase in oil prices
	Agriculture: increase resilience to shocks (climate and economic)	Delays in carrying out projects essential to increase resilience
End hunger, achieve food security and promote sustainable agriculture	Food safety: increase trade in food	Devaluation of the local currency
	Transport: Ensure efficient transport for food products	Shortage of infrastructure in ports
	Agriculture: support new farms and economic operators in agriculture	Lack of experts

SOURCE: MANAGING RISK FOR SAFE AND EFFICIENT TRADE – ITC AND UNECE, AUGUST 2022

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Building an Integrated Risk Management System

- Building an integrated data set at the Customs Authority and identify PGAs that expressed their interest to participate
- Risk management must be part of the strategic plan
- Institutional and compliance risks must be addressed holistically
- Key indicators must be established for analysis to monitor results and overall performance of customs against its operational and strategic objectives.

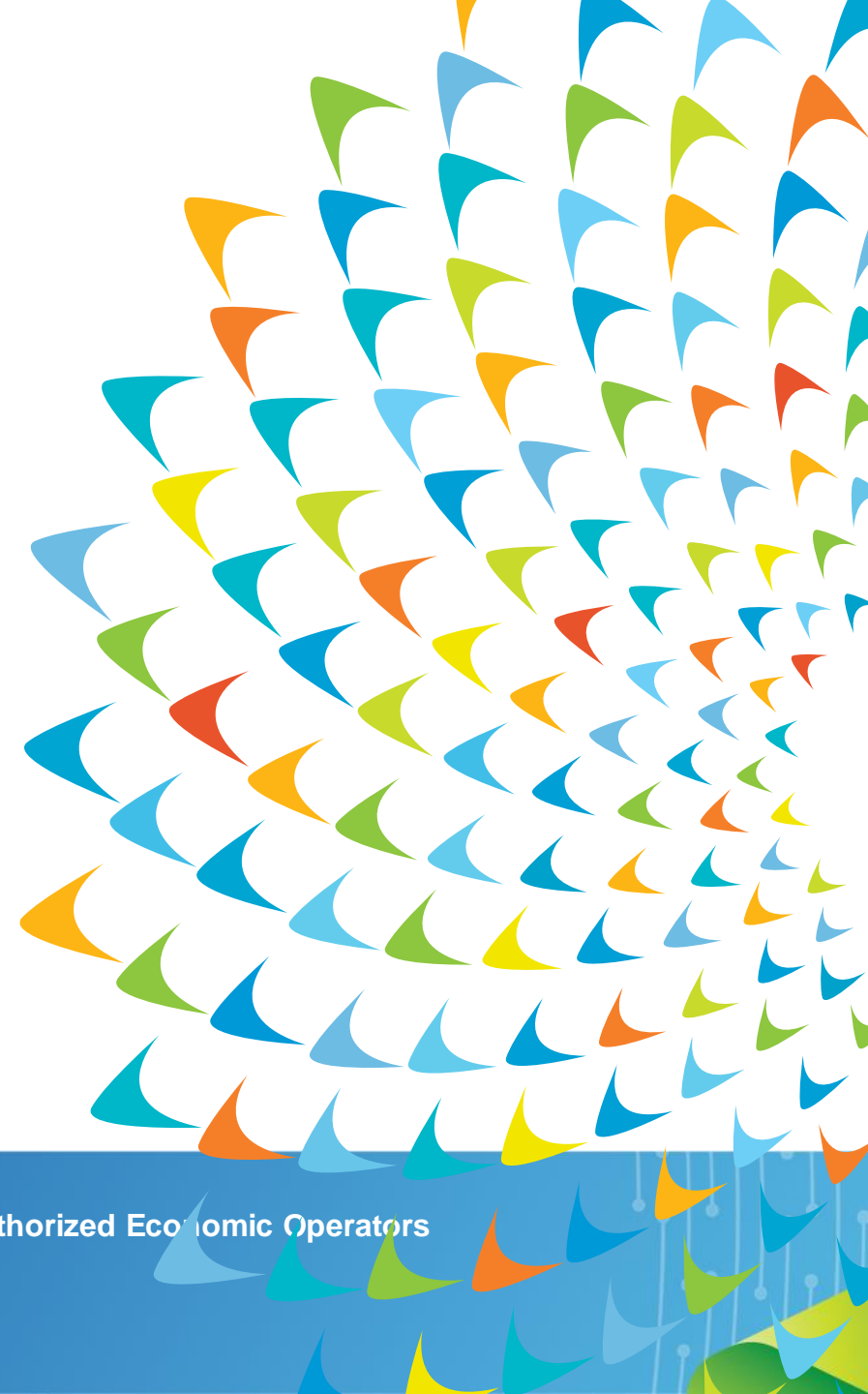
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Risk Mapping Process for the AEO Program



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Risk Mapping Process

Step 1:	Understanding the business of an Economic Operator
Step 2:	Clarify the Customs' Objectives
Step 3:	Identify risks (which risks might influence the Customs objectives)
Step 4:	Assess risks (which risks are the most significant)
Step 5:	Respond to risks. What to do with the remaining risks?

Understanding the Business



An essential part of understanding the business is having a clear view on the operator's processes based on internal and external processes



Internal sources can be the VAT or other information from the partner government agencies. Historical data of export and import declarations, previous audit reports, records on customs authorizations and intelligence databases



External sources can be could be from chambers of commerce, statistics, published annual reports, the operator's website and from the designated operator official.



It is important that the obtained information is properly documented and recorded

Evaluation of the Application

Whether risks are relevant must be judged in view of Customs objectives

Evaluate the self-assessment questionnaire and validate the information provided by cross-checking with internal and external sources

Customs can assign a team consisting of technical specialists and staff that can work closely with the applicant during the authorization process

Determine that the economic operator's expectations are in line with what the AEO program requires and offers

Identify the Risks

Potential risks are not related to an individual economic operator. Inventory of potential risks does not have to be repeated each time, it can be done once and used in all subsequent cases.

The risk indicators and the corresponding points of attentions in the guidelines form together the potential risks.

Good attention should be given to the information that is relevant and relate the information to risks that may occur in the situation / procedure opted by the operator

Assess Risks



The risks identified in step 3 should be assessed by aggregating the risks into a big picture and establish the relative relationship between risks in terms of significance.



It is essential to determine to what extent the operator has taken measures to cover identified risks



Once additional risks are identified as relevant and assessed, they can be placed on a risk profile into a big comprehensive picture of all significant risks.



Though the assessment of risks is not always quantitative, the risk map will provide a certain degree of transparency into the risk environment

Utilizing Modern Technology in Risk Assessment

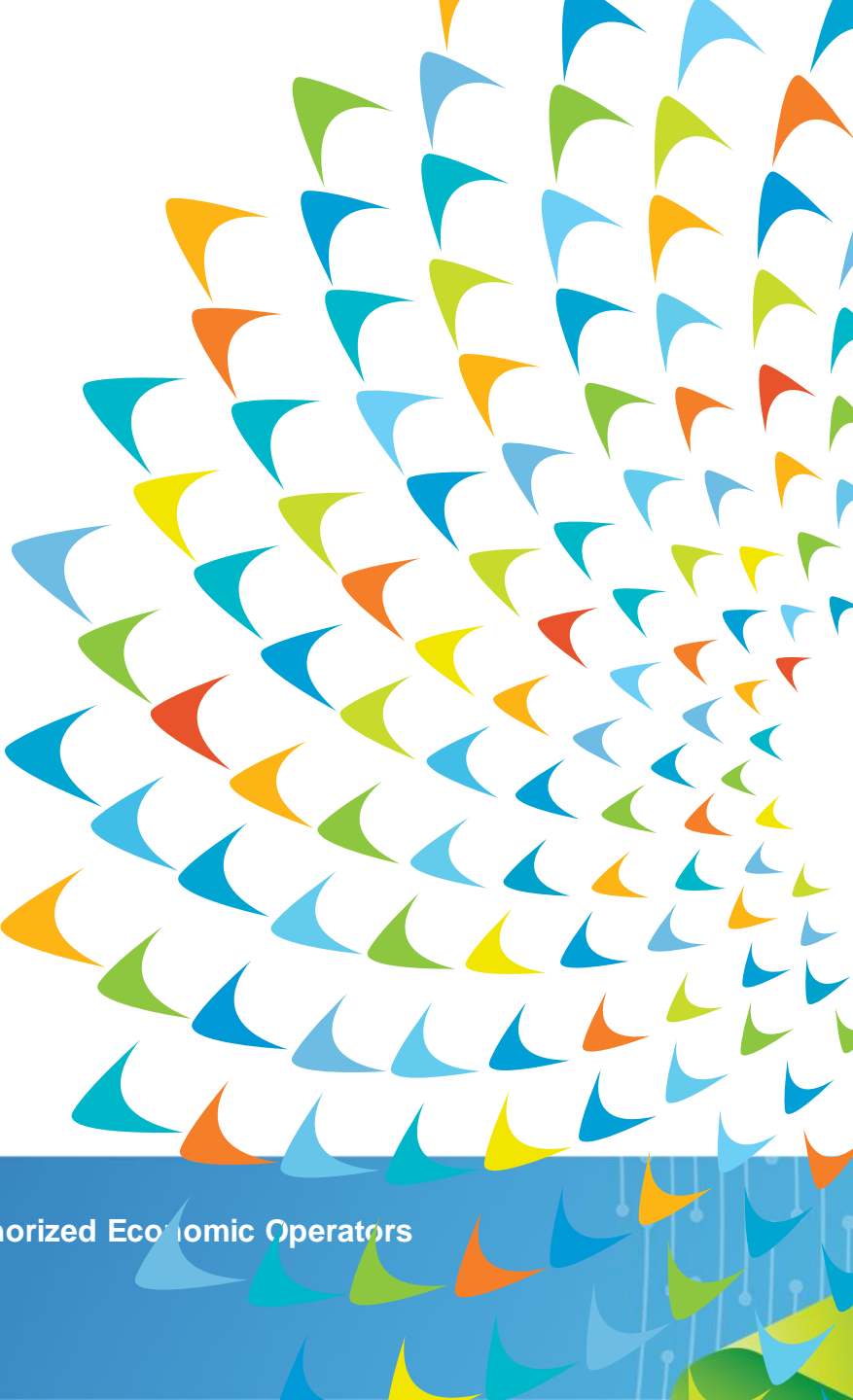
AI-driven efficiency	Automated data capture: Reduce manual entry errors, save time with intelligent docs processing Real-time tracking: Get complete visibility of shipments and proactively identify potential issues
Enhanced Compliance	CDS-compliant solutions: Ensure that customs declarations meet all regulatory requirements Pre-validation checks: Ensure accuracy and minimize risks with AI-powered data validation
Data Driven Insights	Informed decision-making: Identify areas for improvement and optimize export strategy. Improved performance: Track key metrics and measure the impact of customs transactions
Dedicated Support	Personalized guidance: Receive tailored support based on specific needs and challenges. Ongoing assistance: Provide expert advice and troubleshooting

Respond to Risks

Take the Risk	Some risks cannot be avoided, some risks can be practically and affordably reduced to zero likelihood.
Treat the Risk	By treating risks, the intent is to change likelihood and/or impact of a recognized risk to achieve the AEO program's objectives.
Transfer the Risk	An operator can transfer the risk of unauthorized access to a surveillance company that is already a trusted partner.
Terminate the Risk	Risk can be avoided by intense controls and/or regular audits or even not granting the status.



Thank you



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