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## **Treating the Risk**

### **Different Treatments and Intensities**

**Robert Holler**





## Treating Risk

- Determine what will be done in response to the risk
- Consider effectiveness of current organizational response
- Include:
  - measures to deal with risks before they arise
  - measures to deal with risks when they come to pass



## **Classic Risk-Handling Strategies**

- Control – designing a process to lower the risk to an acceptable level
- Avoidance – changing or removing requirements
- Acceptance – assuming that the risk level is sufficiently low
- Transfer – moving risk from one party to another



## Control Treatments

- Physical examination (red lane)
- Document review (yellow lane)
- Post clearance audit (blue lane)
- Investigation



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## **Avoidance Treatments**

- Simplified Procedures
- Informed compliance
- Trade interaction
  - Communications and consultations
  - Trader self-assessment
  - Compliance intervention



## Acceptance Treatments

- Release without examination
- Random checks
- Compliance measurement



## Transfer Treatments

- Surety, bank guarantees
- Authorized Economic Operators



## The Basics

- No intervention (green lane)
- Document Review (yellow lane)
- Post Audit (blue lane)
- Physical Examination (red lane)
- Informed Compliance
- Enforced Compliance



## Assigning a Treatment

- Based on your evaluation of the risk, determine the appropriate treatment and intensity
- Write an examination criterion that provides instructions to the examining officer
- Consider the impact on workload – can examining officers realistically do what is asked for?



## Intensity

- Once you have determined which treatment is appropriate, then you must determine how often that treatment should be applied.
- How much is enough to achieve satisfactory compliance?
- 10%? 20? 50% 100?



## Writing Selectivity Criteria

- Fewer well-designed criteria are better than many poor ones.
  - They will get better results
  - They will enhance credibility
- Remember your options: treatment and intensity.
- Cargo Selectivity must address national priorities and highest risk issues first.



## Field Requests

- Be certain to discuss with requesting officer to ensure accurate communication
- Perform additional research
- Can the requested action be accomplished with available resources?
- Accept or reject criteria request
- Let the requestor know the end result, and explain why decisions were made



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## **Remember:**

- Address highest national priorities and highest risk issues first!
- Be certain to modify criteria when results are poor, show a pattern of compliance, or show a pattern of violations
- Do not overload exam stations with too many exams; you want quality, not quantity



## Practical Exercise

- Break into your working groups.
- Review the risk profile handout – 20 minutes.
- Be prepared to explain why this actual risk analysis team dealt with this actual problem in this actual way.
- Be prepared to answer questions.