

Risk Management in Malawi

Background

The Malawi Revenue Authority (MRA) is a semi-autonomous agency established in February 2000 and is responsible for assessing, collecting and accounting for tax revenue and border protection. The Customs and Excise division is one of the divisions of the MRA, the other being Domestic Taxes.

In 2005, the WCO completed a *Phase 1 Diagnostic Study* of the MRA. A result of the diagnostic study was the MRA adopting relevant Customs instruments and standards. This included moving towards a targeted approach to controls as opposed to 100% verification of consignments, conveyances and people crossing the border.

Outline of the project

It was necessary to move from 'concept' to 'implementation' to gather, chart and analyse data on traders from available sources and develop profiles which could be used to target shipments and enhance trade facilitation.

In order to develop capacity of the team, MRA Customs Officers would work with WCO Secretariat Risk Management experts and South Africa Revenue Service WCO Accredited Experts and undertake specialized technical training in Risk Management. These officers then conducted awareness courses for the entire MRA Customs staff membership to increase their understanding of Risk Management.

Progress

Outputs and outcomes from continuing WCO capacity building support include:

- Creating Risk Management policies and resources under the MRA Customs Administration Strategic plan
- Establishing an organizational risk management communication plan
- Initiating a Risk Management Steering Committee (has oversight of reports on key risks impacting on Customs by using economic trends and patterns)
- Setting up a Risk Management Unit
- Facilitating sources of data for the unit from the WCO Customs Enforcement Network (CEN), Enforcement Department, Post Clearance Audit Unit, centralised Declaration Processing Centre and Tax Investigations
- Benefits reported by MRA include "enhanced trade facilitation, better targeting, efficient resource allocation, better decision-making, lower transaction costs, reduced turn-around times, better Customs efficiency and revenue increase."