IMANI
Center for Policy & Education

December 14, 2018

Hon. Haruna Iddrisu
Minority Leader
Parliament of Ghana
Osu - Accra

Dear Hon. Haruna Iddrisu,

REQUESTING PARLIAMENTARY ENQUIRY INTO UNI-PASS CONTRACT TO PREVENT DISRUPTION TO GHANA'S PROGRESS ON TRADE FACILITATION

In March 2018, Ghana Link network Services Limited, in collaboration with Customs UNI-PASS International Agency (CUPIA) of Korea Customs Services, were contracted by the Ministry of Trade and Industry[1] to introduce UNI-PASS to the ports system.

Since June 2018, IMANI has sent a number of letters with questions about this contract and how it will be implemented, with no answers given by the government. It has become even more important that these questions are answered given that UNI-PASS is due to start implementation in January 2019. IMANI has been studying the port systems, specifically the paperless port process, and would like to understand the implications of adopting UNI-PASS on the turnaround times and the costs.

Itemised below are some questions for discussion:

1. According to the Ministry of Trade and Industry (MoTI)[2], the introduction of UNI-PASS is expected to make the GNSW more comprehensive. In addition, the UNI-PASS system will include[3] a clearance management system, a cargo management system, an information management system and an administration system.

    a. Are all these functions missing from the existing systems (GCNet and West Blue platforms)? How easily can they be added to the existing system and at what cost?

2. How does the UNI-PASS system enhance trade facilitation in terms of the Cargo Dwell Times?

    a. How much, percentage wise, are revenues likely to increase from the existing situation with the new system? Will this be large enough to offset the potential lost revenue from government shareholding in GCNet?

[1] Public Procurement Authority. (2018). Contract Details for Sole Sourced Tender:
THE PROVISION OF A FULLY INTEGRATED TRADE FACILITATION AND CUSTOMS MANAGEMENT SYSTEM (UNIPASS).
Available at: https://www.ppaghana.org/contracts_ss.asp?Con_ID=7216
[2] B&FT Online. (2018). Trade Ministry signs 10-year deal with Ghana Link … single window operators now 3. Available at:
https://thebftonline.com/2018/headlines/trade-ministry-signs-10-year-deal-with-ghana-link-single-window-operators-now-3/
[3] Daily Guide Africa. (2018). UNIPASS Deal to Boost Revenue. Available at: http://dailyguideafrica.com/unipass-deal-to-boost-revenue/

b. We note that in 2017, the Customs Division was given a target of GHc13.9bn and ended up collecting GHc12.6bn representing 91% for government. This is evident in the dividends GCNET pays to government on a yearly basis. (Sourced: GCNET Dividend Payout from 2002-2017)

3. The GCNet contract ends in 2023 while the West Blue contract expires in 2020. This means that there are still about 5 and 2 more years[4], respectively, for them to operate the single window system.
    a. Is the government going to abrogate these contracts and at what cost?
    b. If government does not intend to abrogate these contracts, how will all three companies operate on the single window platform? What is the implication for trade facilitation?
    c. In September 2018, DANIDA recommended that after the January 1, 2019 start date of UNI-PASS, there should be an 18 month development, installation and configuration period. Is this being done? What will the transition look like and what consequences will it have for trade facilitation and revenue mobilisation?

4. What motivated MoTI's decision to procure a new system instead of strengthening existing systems?

5. Will the introduction of UNI-PASS complete the Ghana National Single Window (GNSW) programme?

6. How essentially different is the Ghana Integrated Cargo Clearance System (GICCS), the Ghana Customs Management System (GCMS) on GCNet platform and the Pre-Arrival Assessment Reporting System (PAARS), the Customs House Agents Management System (CHAMS), the Joint Inspection Management Information System (JIMIS) and the Risk Management System (RMS) on the Westblue Platform on one hand to what has been proposed in the UNIPASS?

7. Separate reports have stated that GCNet charge importers a fee of 0.4% on FOB, while West Blue are alleged to charge between 0.28%[5] and 1%[6] for CIF. What are the current fees of GCNet and WestBlue? How do they compare with that of UNI-PASS?

8. What review processes has the Ministry of Trade carried out recently (can evidence be adduced) to justify the signing of this agreement?

9. Can MoTI share the results of the feasibility studies (2015) on the ports, conducted by CUPIA of Korea Customs Services and Ghana Link Network Services?

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[4] Ghanaweb. (2018). Industry people warn against changing Single Window implementer. Available: https://www.ghanaweb.com/GhanaHomePage/business/Industry-people-warn-against-changing-Single-Window-implementer-657269

[5] Ghanaweb. (2018). Ghana Institute of Freight Forwarders kick against introduction of UNIPASS. Available at: https://www.ghanaweb.com/GhanaHomePage/business/Ghana-Institute-of-Freight-Forwarders-kick-against-introduction-of-UNIPASS-657787

[6] JoyOnline. (2018). Ghana's investment in deploying single window in limbo, Trade Ministry seeks new player. Available at: https://www.myjoyonline.com/business/2018/June-4th/-ghanas-investment-in-deploying-single-window-in-limbo-trade-ministry-seeks-new-player.php

10. The Customs (Amendment) Act, 2016 (Act 923) amending the Principal Act clearly points the direction of where the National Single Window is established, effectively curing all elements of doubt that might have lingered on in the past as to ownership of the project. With this knowledge, why is the Trade Ministry signing agreements on this subject when a subsection of the quoted Act clearly states the Ghana Revenue Authority (GRA) as the one to manage the National Single Window System?

11. What is the nature of the contract between MOTI and Ghana Link Network Services Limited? Who bears the cost of training, change management and integration?

12. In the knowledge of the Trade Facilitation Agreement that Ghana just ratified, specifically to the Article on the Disciplines on Fees and Charges, Ghana has given notification as to the number of years needed to regularize our fees and charges regime to reflect that of the WTO-TFA, why would a leading Ministry in this discussion sign a 10 year contract whose fee structure (ad valorem) contravenes the stipulations of The Agreement?

13. Has there been an update on the initial review[7] on the paperless port processes? What are the successes and challenges?

Additionally, there are pressing challenges that need to be addressed within the current trade facilitation model, before UNI-PASS is implemented, as they could derail progress made. These include:

1. Governance and Ownership

Though there is some sense of governance in Ghana's trade facilitation, especially with the recent efforts of the H.E. Dr. Bawumia, it is however not clearly defined. There is also a disconnect between key stakeholders that are supposed to work together to facilitate trade and revenue mobilisation. For instance, Ghana Customs doesn't seem to be making much progress with increasing cooperation with other customs in the world as a cost efficient way of assuring revenues and reducing time spent at ports. This type of custom cooperation requires at least three different ministries (ministry of finance, ministry of trade and industry and ministry of foreign affairs) to work together. The limited ownership and cooperation among stakeholders is greatly affecting the pace with which we develop and implement relevant policies for an efficient trade facilitation.

Recommendation: The governance structure should be clearly defined and ownership must be clear among all stakeholders.

2. Integration and Transition Time

WestBlue was introduced to the National Single Window Project in 2015, in a system where GCNet had already been present since 2002. At its introduction, there was friction between the two ICT solution providers, due to a lack of ownership and clearly defined structure. Over time, the two platforms have realigned and issues of integration, mutual ICT protocols and others, have mostly been resolved.

[7] Ghana Trade Hub. (2018). Gov't to review operations at ports months after going paperless. Available at: https://www.ghanastradinghub.gov.gh/News/entryid/10297

Given that these two systems took two years to integrate and work cohesively, it is a wonder how long the transition period would be for UNI-PASS to integrate into the existing system.

Recommendation: There should be a well-planned transition time with clearly defined roles for each of the ICT solution providers ahead of the implementation of UNI-PASS.

3. Ineffective use of data for risk management

Currently, over 70% of cargo goes through the red channel, which requires some sort of physical examination. Out of this number, only a small fraction are non-compliant goods are deemed to cause offenses that threaten proper revenue collection. For example, from September 2017 - February 2018, only 11% of non-compliant consignments were serious offenses (classified as one of the following: contraband goods; excess quantity; non-declared goods; prohibited/restricted; short landed; misclassification; under invoicing), whereas 89% of the non-compliant goods were for smaller offenses (administrative issues, such as change of freight station, manifest amendment, wrong container size, correcting chassis number, etc.)

Although document review is to be reserved for traders targeted for the yellow channel, 100% of consignments have to go through the document review. Additionally, consignments designated for the green channel go through an electronic scanning process, which is still intrusive. This indicates that risk targeting may not necessarily be based on risk selectivity given historical and current data.

Recommendation: Effective use of data on risk management for more thorough analysis, in order to save time and effort on unnecessarily physical inspection.

4. **The use Terminal Operation System (TOS)**

There is a need for an effective TOS system at Ghana ports. It is not acceptable that containers can still go missing enroute to Inland Container Depots (ICDs).

5. Customs Call Centre

The Customs Call Centre has been accused by some Freight Forwarders of standing as a 'showcase' rather than a useful first point of access for those seeking help.

Recommendation: All officers within the call centre should be trained with communication skills, as well as knowledge of the end-to-end processes.

6. Shipping Lines

Shipping lines/agents are yet to significantly mainstream their processes, such as decoupling their release processes from the rest of Customs' release processes. This adds to the time taken at the ports and benefits their revenue at the cost of the rest of the trade facilitation actors.

We are grateful for your attention to this matter and look forward to hearing your positive reaction.

Yours sincerely,

Franklin Cudjoe
(Founding President)