20 March 2020

H. E. Nana Addo Dankwa Akufo-Addo
President of the Republic of Ghana
Jubilee House

Dear Mr. President,

Why Ghana Link’s Terminated ‘Single-Window’ Contract in Sierra Leone Should Guide Ghana’s UNI-PASS Customs and Ports Technology Contract

I bring you warm greetings and extend appreciation of the entire IMANI team to you for the bold and decisive leadership you have exhibited in leading the country to contain and suppress the dreaded novel coronavirus 2019 (COVID-19/2019-nCoV). May we come out stronger more united and focused on delivering more reliable and resilient healthcare systems to our people.

As you may be aware, IMANI has been an ardent advocate for free enterprise solutions to the continent’s economic woes. We have conducted several economic audits on Ghana, reviewed Ghana’s performance on global indexes and published recommendations on how the country can improve its competitiveness, especially on the World Bank’s Ease of Doing Business Index.

Over the last three years in particular, we have been studying Ghana’s port systems and engaging relevant players, bilaterally and in forums. The business reform agenda of the current government, and its direct impact on our ports has been noteworthy. The enhanced paperless system at the ports has not only resulted in overall increased revenues for the state [nominal growth of 15% between 2018 and 2019, from Ghana Revenue Authority (GRA) records, even after reducing benchmark values by 35% for imported vehicles and 50% for general goods], it has projected Ghana as a major facilitator of trade in the sub region. It is fitting that we are hosting the secretariat for Africa’s free trade project, the AfCFTA.

Table1: Ghana Revenue Authority, Customs Division Revenue Performance from 2015-2019

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customs Division Revenue Performance (GHS)</td>
<td>7,018,166,950</td>
<td>8,961,650,000</td>
<td>12,689,690,000</td>
<td>13,241,310,021</td>
<td>*12,070,506,208</td>
</tr>
</tbody>
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*Direct impact of government’s directive to reduce benchmark values of 35% on imported vehicles and 50% on imported general goods
Sustaining this impressive record, however, requires policy predictability and coherence in the dispensation of regulatory mandates of the Ministries of Trade & Industry and Finance & Economic Planning. This expectation remains doubtful as the two ministries are bent on replacing the more reliable existing customs and ports technologies with a more expensive one called UNI-PASS.

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 to introduce UNI-PASS to the ports system for a period ten years and at a cost of US$40m.

The latter’s potential impact on the trading community and revenue generation for government have been unanimously bemoaned by many users of the ports who have witnessed poorly executed and unsuccessful piloting of UNIPASS at many of our critical ports and borders.

However, what should be of utmost importance to you is the documentation over Ghana Link’s contract for similar services promised in Sierra Leone.

The government of Sierra Leone entered into an agreement with Ghana Link and its subsidiary, Africa Link Inspection Company(ALIC), which among other things, the latter was expected to “develop, implement and keep up-to-date Computerized Risk Management System”. After six years in operation, Sierra Leone’s Ministry of Finance undertook an audit and review of the operations of Africa Link Inspection Company.

Apart from significant findings of tax evasion, one other finding that give us cause for worry about the capability of Ghana Link to successfully implement in Ghana, is the one Sierra Leone’s Solicitor-General captures in his December 8th 2019 legal opinion to Sierra Leone’s Financial Secretary, for the termination of Ghana Link’s contract as

- “ALIC had not been complying with section 4.3 of the agreement in respect of training programmes dealing with local and overseas training courses in the areas of computerised Risk Management System, Transaction Price data and other areas of inspection”.

Respectfully, Mr. President, this is at the core of the business of any computerised customs inspection. For this defect to rise to the level as to constitute a major finding against Ghana Link means Sierra Leone was exposed to significant risks of unwholesome importation and crucially revenue losses.

Mr. President, in its January 30th 2020 letter to the Minister of Trade and Industry instructing it to terminate the government’s contract with Ghana Link and ALIC, Sierra Leone’s Chief Minister, Professor David J. Francis cited among other reasons the following:

- As part of the inspection Agreement, ALIC was to develop the single window concept. This TradeNet messaging software allows End Users, Declarants, Ministries, Departments and Agencies to exchange data to and from the system. This aspect of the agreement was not complied with or implemented by ALIC

- ALIC had not been fully complying with section 4.3 of the agreement in respect of training programmes dealing with local and overseas training courses in the areas of computerised Risk Management System, Transaction Price data and other areas of inspection”
• There is no evidence that the company has paid corporation tax to Government. A recent tax audit conducted by the National Revenue Authority (NRA) reveals that the company tax liability is about Le45 billion.

It is important to note that Ghana’s trade and finance ministers and their deputies continue to make the case for Ghana Link to replace existing systems that are working perfectly fine on the basis of Ghana Link’s superiority in implementing the two functions mentioned and promised in Sierra Leone, but which, evidently has failed for six years, eventually leading to termination of its agreement. They were meant to develop a single window and this is yet to be implemented after six years. This could only mean one thing- that Ghana Link did not have the capacity to simultaneously implement the components they signed up to.

I have attached copies of letters from Sierra Leone’s Chief Minister and Solicitor-General to this letter.

Mr. President, it may interest you to know that prior to petitioning you, we have asked the following questions of the Economic Management Team (EMT), the Trade and Finance Ministries. With the exception of the EMT, that has taken steps to mediate between competing vendors and the two ministries, the two ministries have disregarded the EMT’s directives on ensuring live demonstrations to ascertain UNI-PASS’ superiority. The Senior Minister’s office has compounded the confusion by issuing counter directives to Ghana Link to proceed with implementation when the following questions and observations have not been answered nor debunked.

Questions and Observations

1. According to the Trade Ministry, the introduction of UNI-PASS is expected to make the Ghana National Single Window (GNSW) programme more comprehensive with a clearance management system, a cargo management system, an information management system and an administration system. However, all these functions are available on the existing systems In fact, these are 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 West Blue Platform.

2. The GCNet contract ends in 2023 while the West Blue contract expires in 2020. This means that there are still three and one more years, respectively, for them to operate the single window system. GCNet is one of Ghana’s top four joint venture companies whose operations contributes significant tax revenue to the state.

   • Is the government going to abrogate these contracts and at what cost?
   • 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?
   • What will the transition look like and what consequences will it have for trade facilitation and revenue mobilisation?

3. According to the contract, the processing fee for the UNI-PASS system will be 0.75% of Free on Board (FOB), compared to the existing combined fees of GCNet (0.40% of FOB) and West Blue (0.28% of CIF) which sums up to 0.68%. However, as government receives 35% out of the GCNet’s 0.40% fee, in real terms, GCNet receives 0.26% (0.40% less 35%). This means the total cost to government under the existing system is 0.54% (GCNets 0.26% + West Blue 0.28%) while UNI-PASS’ fee will be 0.75% of FOB.
4. Termination of the UNI-PASS contract by the government either voluntarily or through material breaches occasioned by it, attracts graduated fees of between US$93 million in the first year to US$12m in the tenth year. Given that the UNIPASS/Ghana Link Network Services single window contract was awarded for US$40 million for ten years, aren’t these termination clauses draconian?

5. Curiously, the Ministry of Trade has not published revenue projections from implementing UNI-PASS because it has not published such reviews to justify the signing of the UNI-PASS agreement.

- If there is, can the Ministry of Trade share, in addition to the results of the feasibility studies (2015) on the ports, purportedly conducted by CUPIA of Korea Customs Services and Ghana Link Network Services?
- What components of the system are developed by CUPIA’s Ghanaian partners, Ghana Link and SML?
- Will UNIPASS deliver valuation services?
- Which country references can CUPIA provide for these components?
- There are set standards and methodologies for implementing IT systems of this scale. Can South Korea’s CUPIA provide evidence on the methodology used for South Korea and other reference countries and why Ghana’s approach has been different?
- What are CUPIA/UNIPASS’ reference countries for Mixed Goods, Headload, Personal Effects?

6. 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. The processes leading to this outcome were recommended and executed by the Ministry of Trade’s own Technical Committee as part of the GNSW feasibility study. West Blue let the feasibility study that established the Act and derived the National Single Window Blue Print. With this knowledge, why is the Trade Ministry signing agreements on this subject when a sub-section of the quoted Act clearly states the Ghana Revenue Authority (GRA) as the one to manage the National Single Window System?

7. 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 (advalorem) contravenes the stipulations of The Agreement?

8. West Blue 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 been resolved with seamless integration at all process points.
9. 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, whose credentials in the space are still unknown to integrate the existing system, if at all necessary.

10. Although the government is credited with success in Ghana’s trade facilitation processes, especially with the recent efforts of the H.E. Dr. Bawumia, it is however not clear who directs, implements, reviews and owns crucial policies such as UNI-PASS.

Mr. President, if all these questions critical to Ghana’s trade facilitation efforts take time to be answered, please be guided by lessons from Sierra Leone and use your executive power to immediately stay the UNIPASS process until all lingering doubts are cleared.

Thank you for your attention,

Yours sincerely,

Franklin Cudjoe
(Founding President & CEO)

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