

Tackling Market Access Barriers

Causes of Delays in Port Clearance and High Handling Charges at the Tema Port

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Preface

This draft report is the deliverable of a project contracted by the Foreign, Commonwealth & Development Office (FCDO) to Adam Smith International (ASI) and IMANI Centre for Policy and Education (IMANI CPE). We provide an in-depth analysis of the causes of delays and handling charges at the Tema Port, Ghana's main commercial seaport.

This report develops a set of evidence-based recommendations for the Government of Ghana (GoG) to improve efficiency and lower handling costs for users at Tema Port and identify potential areas for UK-Ghana collaboration to enable this.

The findings does not in any way represent the opinions of the Foreign, Commonwealth & Development Office (FCDO). The analysis and interpretations remain the sole responsibility of the authors.

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List of Abbreviations

AfCFTA	Africa Continental Free Trade Area
CCVR	Customs Classification and Verification Report
CIF	Cost, Insurance, and Freight
ECOWAS	Economic Community of West Africa States
EPA	Environmental Protection Agency
FDA	Food and Drugs Authority
FOB	Free-On-Board
FTC	Fruit Terminal Company
GATT	General Agreement on Tariffs and Trade
GCCI	Ghana Chamber of Commerce and Industry
GCNET	Ghana Community Network
GEPA	Ghana Export Promotion Authority
GNSW	Ghana National Single Window
GPHA	Ghana Port and Harbour Authority
GRA	Ghana Revenue Authority
GSA	Ghana Standards Authority
ICUMS	Integrated Customs Management Systems
IERA	Institutional Effectiveness Rating Analysis
LOC	Letters of Credit
MDA	Ministries, Department, and Agencies
MPS	Meridian Port System
NIRMS	National Integration Risk Management System
PAARS	Pre-Arrival Assessment Reporting System
PPRSD	Plant Protection and Regulatory Service Directorate
SPEG	Sea-Freight Pineapple Exporters of Ghana
SPV	Special Purpose Vehicle
SSA	Sub-Saharan Africa
TEU	Twenty-Foot Equivalent Unit
VSD	Veterinary Service Department
WTO FTA	World Trade Organization Free Trade Agreement

Executive Summary

This report provides a high-level assessment of the causes of delays and handling costs at the Tema Port, Ghana's main commercial seaport. The study sought to answer two main questions: ***What are the main causes of delays and high handling charges at the Tema Port? What politically feasible recommendations can improve seaport efficiency and minimise delays and terminal handling costs at the Tema Port?*** This work complements another report titled "*Applied Political Economy Analysis (PEA) of the TEMA Port: Understanding the Drivers and Enablers of Corruption, Criminality, and Insider Manipulation in Port Operations"*, also carried out by IMANI CPE and ASI.

High-Level Findings

1. From the analysis, it is increasingly clear that a combination of technological inefficiencies, duplication of regulatory functions, and inadequate information by traders are causes of delays in the clearance process at the Tema Port.
2. The delays in the import and export processes are demonstrated through a multiplicity of regulatory agencies in the quality assurance process, leading to duplication of functions, multiple charges, and delays in receiving permits and certifications.
3. The process is also worsened by the relatively high information asymmetry between the trading community and ministries, departments and agencies (MDAs), which results in avoidable errors by traders in using the existing port system, and lack of access to timely reforms.
4. Additionally, the lapses in the management of bulk cargo have led to full physical examination, which delays the clearance process.
5. These factors, combined with the inability to unbundle service charges from fiscal components of agency charging fees, inconsistencies in the cost build-up of terminal operators and stevedoring companies, and the lack of a harmonised terminal handling charge regime, continue to unnecessarily keep traders longer at the Port.
6. Furthermore, the underlying political settlements and patronage distribution of rewards to politically connected traders tend to facilitate trade for small population traders, resulting in the opaque implementation of port regulations, and creates unnecessary bottlenecks to overall seaport trade for Ghana.
7. The overall effects of these pitfalls in the seaport trade at the Tema Port translate to high handling charges and the high cost of doing business in Ghana.

Recommendations

- The study proposes the following problem-driven **eleven (11) short-to-medium term recommendations** (implementable in less than 1-year) and **six (6) medium to long term recommendations** (implementable in more than 1-year) itemised in the table below.

Causes of Delays in Port Clearance and High Handling Charges at Tema Port

Issue/Research findings	Key impacts on trade	Short to medium term recommendation (less than 1-year)	Medium to long term recommendations (>1-year)	Rationale
(1) Port governance issues • Governance and management of the Tema Port is characterised by overconcentration of power in the Executive. • Several ongoing multi-stakeholder, cross-Ghana government institutional mechanisms, and donor-funded initiatives on customs reforms and trade facilitation have produced varied results. However, these are fragmented across multiple donors such as the IMF, World Bank, USAID, GIZ, and UNCTAD. • Two ongoing channels for reform are the Technical Working Group (TWG) and National Trade Facilitation Committee (NTFC), all housed by the Ministry of Trade and Industry (MOTI) as the coordinating agency.	• Some traders leverage their political connections to perpetuate illegal activities that violate existing regulations at the Port. • We identified traders with high political connection involved in economic fraud, misclassification of goods, under-declaration, fake invoicing, and suspicious preference for particular terminals and scanners. • The irregular application of rules at the Port negatively affects traders from countries with strict anti-corruption requirements.	1. **HMG to contact MOTI to find out about the status of work done by the TWG and NTFC**. 2. **Discussions should focus on finding out more about the plans for the NTFC to become a permanent secretariat.** The committees' work has been curtailed by the lack of financial support from donors and development partners. The NTFC's activities are not mainstreamed into the national budget. 3. **HMG to contact the IMF, World Bank, USAID, GIZ, UNCTAD to find out how they can plug into or support ongoing programmes**. A possible outcome of such an engagement could be a one-stop-shop coordinated multi-donor programme which gives greater visibility, transparency, accountability and	1. **HMG to work with GRA and other donor partners to carry out a detailed needs assessment** of GRA's Preventative Department before providing any support for revamping their operations. 2. **There is also a need for a comprehensive review of the national security architecture in Ghana vis-à-vis constitutional provisions and legal frameworks.** The power dynamics of the country's governance system lie at the root of this problem. These national security operatives usually affiliated with the ruling party and acting on "orders from above" seek to take over legitimate constitutional mandated bodies for rent-seeking purposes. GRA-Customs	• Making the NTFC a permanent secretariat will give it more impetus and teeth to bite. The NTFC is the natural place to resolve all these challenging and nagging trade facilitation issues. This is because it has a comprehensive composition encompassing all the key players in the maritime sector (both public and private). It is also a creature of law and thus has the legislative backing to push through some of these reforms. • Any planned support is highly likely to have a catalytic impact when channel through bodies with either the political, legal, or institutional mandate and agency to push through such reforms.

• GRA is unable to carry out all of its mandates at the Port fully. GRA's mandate is three-fold: revenue mobilisation, trade facilitation and national security (surveillance and monitoring activities to track illicit goods coming into the country). The Preventative Unit/Department responsible for surveillance and monitoring is infective and not well resourced. Also compounding this is the fact that national security, which is only meant to undertake policy coordination functions, has taken over operational duties at the Port, side-lining the legitimate work of the GRA. This is against international best practice.		ownership of these supply-side reforms.	have, according to the law have the operational security mandate for entry and exit points in the country, not national security.	
(2) Multiple Agency Fees at the Tema Port • The current import fee structure includes	• Such arbitrary tax impositions increase the cost of doing business in Ghana.	4. **Work with other donor bodies and trading associations to query the Ministry of Finance on the status of items such as**	3. Work through the TWG and NTFC to review the components of the various taxes and charges that do not correspond to	• The government could remove or restructure the non-service-based charges such as the Special Import Levy and ECOWAS levy).

components with no connection with the service cost for the clearance process. Three non-service items, namely Special Import Levy, Ghana EXIM Levy, National Health Import Levy (NHIL) and ECOWAS Levy, collectively make up 78 percentage of the total import cost base of 7.4%. This does not including the Shipper's Council levy and other institutional permits • Several MDAs operating at the Tema Port have imposed regulatory costs on imports and exports, which are being exploited as a key source of revenue generation for the State.	• Central government strategy of weaning off some of the MDAs from the government budget creates unintended consequences of contradicting the WTO Free Trade Agreement and GATT principles on fees and charges and places more avoidable cost on importers and exporters	**0.10% Special Fund** to pay down debt from the BankSwitch arbitration (non-service related judgement debt), as well as the rationale for the Ministry of Finance, and Ministry of Trade Charges (again not related to any service provided directly at the Port).	the clearance process or providing a service.	The challenge here is that the central government finds itself in a precarious fiscal position for the 2021-22 financial years, with debt-to-GDP forecasted to exceed 15% GDP. Thus, it is unlikely that the government would be willing to review these cost items in the one-year outlook.
(3) Congestion and Delays at the Tema Port • Despite persistent complaints of congestion and delays at the Port by users, GPHA, which manages the Port, does not have a comprehensive	• The multiplicity of quality assurance regimes at the Port results in increased clearing costs for traders involved in multiple economic value chains - they have to go to	5. **HMG to assist GPHA conduct a port efficiency and diagnostic analysis looking at a broad range of indicators**. The Logistics Performance Index (LPI) and other data points could serve as a helpful starting point this. Technical	4. **Creation and support of the GPHA management and operational team with bespoke dashboards that track port efficiency indicators in real-time.** For example, the GPHA management could be	The trade facilitation programme could be done by the Ghanaian government agreeing to provide cost-effective charges for the terminal operator to manage bulk cargo appropriately. Such a programme is highly likely to translate into increased cargo

suite that tracks operational efficiency in real-time. The feedback loop for reporting and resolving these issues are sometimes also non-functional. • Lack of modern technology to manage bulk cargo • Duplication of functions by regulatory agencies; Role ambiguities result in these agencies certifying the same goods more than once • Some of the agencies have been integrated into the ICUMS platform. However, some aspects of their certification are paper-based, and trader registration and fee charges are manual • Trader ignorance of the import and export clearance process. The lack of knowledge on the part of traders could partly be attributed to the inadequate information available to guide traders	multiple agencies for otherwise similar permits and certifications. • Lost-time by importers and exporters due to manual paperwork and cost delays as a result of duplicity of roles at the Port. • Ineffective scanning regime for bulk cargo means resort to manual clearance processes such as chemists taking random samples for testing, but this works on a scale of probability. This causes congestion and creates an avenue for illicit goods such as drugs and arms to enter the country or for transhipment.	assistance by UK trade and port experts could be provided here and will be very much welcome as a short term fix to understanding the deeper issues of Port competitiveness. 6. **Conduct an institutional effectiveness rating analysis (IERA).** This will be to ascertain the regulatory agencies' effectiveness in contributing to quality assurance and the possible areas of institutional overlaps and conflict within the existing business processes at the Port. This could be done through ongoing donor-support programmes or via the National Trade Facilitation Committee (NTFC), Joint Customs Consultative Committee or higher up the food chain to the Vice President's Office, which also has some oversight in the broader digitalisation and beyond aid agenda.	trained and supported to carry out periodic (monthly and quarterly surveys, including anonymous reporting systems) among the key users of the Port. This data can be combined with existing in-house ones and fed into various analytic suites to generate new operational efficiency indicators. 5. **Trade Facilitation Programme (TFP) between HMG, GoG, and MPS to install modern technologies that effectively scan bulk cargo** at the old terminals and generate appropriate weights for computing import duties. Bulk cargo constitutes 49% of all cargo cleared through the Tema Port, and this is forecasted to expand with increased regional trade. This can entail, for example, the installation of x-ray	throughput, increased revenue generation, and curb human interaction, is making corruption and insider manipulation in the bulk cargo clearance process possible. A long term technical assistance could be provided for the construction of modern weighing bridges, and cameras to scan the loading trucks. The ongoing port expansion project by the Ministry of Transport could be a possible entry point. The terminal three is equipped with the new weighing bridges. Thus, similar technology can be installed at the old terminal. Regarding the institutional effectiveness rating analysis, the possible entry point is the Joint Customs Consultative Committee- a multi-stakeholder committee interested in improving port efficiency and addressing the cross agency challenges at the port.

		7. **Advocate for the ramping up the integration of remaining agencies into the single national window**. HMG will need to engage the GRA Customs Division, the Vice President's Office and UNIPASS on the status of implementation 8. **HMG to engage the Ministry of Finance to publish the approved fees and charges as mandated by the LI 2228 on the ministry's website and other media.** 9. **Regular Sensitisation Programme (SensP) for traders or trading associations.** Such training will be on the mechanisms to optimise utilisation of the single window and minimise errors that account for delays and increased handling charges. Such a sensitisation programme could be supported and or funded by HMG using local and international experts and generate immediate	scanners to scan the trucks moving these bulk cargoes out of the Port.	

		quick wins for all stakeholders.		
(4) High handling charges • Inconsistent exchange rate application as most terminal operators and stevedoring companies indexed their charges to the US dollar, which sometimes did not reflect the market price of the dollar • Ambiguities in the cost build-up of the handling charges of shipping lines - lack of clarity with the distinction between sea freight and terminal handling administrative charges, such as container release and container detention fees. • Lack of harmonisation of handling fees for shipping lines indicated by different final handling charges for the shipping lines. It appears that the shipping lines have cost items that tend to inflate the final	• Such arbitrary tax impositions increase the cost of doing business in Ghana. • High handling charges increases the risk of doing business at the Tema Port, particularly for shipping lines when estimating risk of transportation to a port. This can potentially lead to shipping lines looking for alternate ports to operate.	10. **Support the publication of a reference dollar benchmark for use in estimating handling charges**. As is done in other business practices, this reference benchmark is usually the interbank weighted average currency pair published by the central bank – in Ghana's case, this can be accessed via https://www.bog.gov.gh/treasury-and-the-markets/daily-interbank-fx-rates/ 11. **Regular Sensitisation Programme (SensP) for traders or trading associations (see recommendation 9).** The capacity building programme can also focus on the new customs management system	6. **Lobby or support the Ghana Shipper's Council, NTFC and other trading associations to develop a detailed and standardised cost build-up template.** The template should show a clear distinction between sea freight and terminal handling administrative charges.	

handling charges, contravening GPH's published standardised fees and charges. • Delays in receiving permits, trader ignorance, and non-compliant behaviours on the part of traders				

1 Introduction

1.1 Background

Ghana plays a central role in facilitating the trade and movement of goods and services within the West African region. The Tema Port serves as Ghana's primary commercial seaport, handling most of its imports and seaborne trade. Total cargo traffic increased from 7.4 million tonnes in 2009 to 17.3 million tonnes in 2019.[1] Import traffic at the Tema port increased from 5.6 million tonnes in 2009 to 13.4 million tonnes in 2019, and export traffic growing from 982,000 tonnes to 2.5 million tonnes within the same period.[2] Additionally, container throughput increased from 525,694 twenty-foot Equivalent Unit (TEU) in 2009 to 1.1 million TEU in 2019, as port statistics show.[3] The ongoing US$1.5 billion expansion of the Tema port from 1 million TEU to 3.5 million TEU under the management of Meridian Port Services (MPS) and the Ghana Port and Harbour Authority (GPHA) would make Tema the largest container capacity of any West African port and one of the largest ports in Africa.[4] This will also position the Tema Port as a major trade destination under the Africa Continental Free Trade Area (AfCFTA), especially for transit and transhipment cargo.

While such an expansion will be a welcome boon for trade facilitation, high transportation costs and longer cargo dwell time are significant impediments to trade. Higher costs affect the competitiveness, predictability of business inventory and reduce overall trade.[5] Improved port efficiency is at the heart of economic development, job creation, and inclusive growth. With a global container throughput of 811 million TEU in 2019[6], port managers have been compelled to innovate to enhance comparative advantage in attracting cargo traffic.[7] The Tema Port lags on efficiency and effectiveness as compared to other ports. Effectiveness in this context measures the quality of service rendered to port users, and efficiency relates to how well the Port's resources are utilised. Cargo dwell time, which measures the time it takes cargo to leave the Port, is a key indicator of port efficiency in terms of transportation duration and cost.[8]

While long cargo dwell times affect consumers and business competitiveness, the congestion creates incentives for port authorities and private terminal managers interested in storage facilities to increase storage fees or engage in other illegal activities, increasing importers' cost. Additionally, the delays and disruptions to supply chains could incentivise importers to collude with port authorities, customs officials, and private terminal owners to compromise on the implementation of port regulations. Against this background, this project seeks to conduct an in-depth analysis of the causes of delays and handling charges at the Tema Port**.**

[1] Ghana Port and Harbour Authority. (2019). Tema Port Performance
[2] Ibid.
[3] Ibid.
[4] https://www.theafricareport.com/11234/ghanas-tema-port-flaunts-ambition/
[5] Beuran M., Isik G., Raballand G. J. R. F. & Refas S. (2012). Why does cargo spend weeks in Sub-Saharan African Ports? Lessons from six countries. Directions in development; trade. Washington, D.C. : World Bank Group.
[6] Beyond 20/20 WDS - Table view - Container port throughput, annual (unctad.org)
[7] Merk, O. and T. Dang. (2012). "Efficiency of World Ports in Container and Bulk Cargo (oil, coal, ores and grain)", OECD Regional Development Working Papers, No. 2012/09, OECD Publishing, Paris, https://doi.org/10.1787/5k92vgw39zs2-en.
[8] Arvis J.F., Raballand G., & Marteau J.F. (2010). The Cost of Being Landlocked: Logistics Costs and Supply Chain Reliability. Washington, DC: World Bank.

1.2 Purpose and Scope of the Assignment

1.2.1 Purpose

The report's overarching aim is to examine the causes of delays and handling costs at the Tema Port. The former includes delays in clearances/paperless system, port congestion and irregular application of regulations. The latter encompasses multiple agencies charging fees and high ship-to-ship handling costs compared to neighbouring countries, among others.

The project aims to identify potential areas for collaboration between Ghana and the UK to lower handling costs and improve port efficiency through evidence-based recommendations. This work complements the ongoing (existing) project titled *"Applied Political Economy Analysis (PEA) of the TEMA Port: Understanding the Drivers and Enablers of Corruption, Criminality, and Insider Manipulation in Port Operations"*, also carried out by IMANI CPE and ASI.[9] Both reports are expected to inform a substantive, politically feasible, and reform-oriented action plan supported by the UK Government.

1.2.2 Scope

Specifically, the study seeks to critically analyse the factors causing delays at the Port and high handling cost. The scope includes:

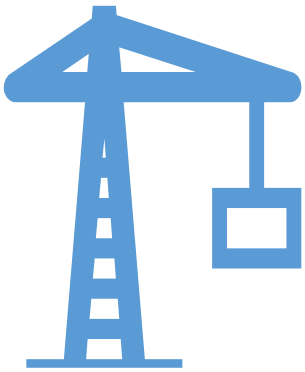
1. Investigating and examining multiple agencies charging fees at the Tema Port.
2. Investigating the irregular application of regulations at the Tema Port.
3. Examining the causes of delays in the clearances/paperless system at the Tema Port.
4. Undertaking benchmarking analysis with neighbouring countries for ship-to-ship handling costs and operational efficiency of comparator countries.
5. Provide a set of evidence-based recommendations that could be communicated to the Government of Ghana to improve efficiency and lower handling costs at Tema Port, and identifying potential areas for UK-Ghana collaboration to enable this

1.3 Key Issues

Our framing of the key issues is indicated in Figure 1 below.

[9] The current PEA work aims to understand the drivers and enablers of corruption, criminality, and insider manipulation in the port operations and its official downstream activities. This is critical to tackling SOC, corruption, and trade barriers.

Figure 1 Key issues framing

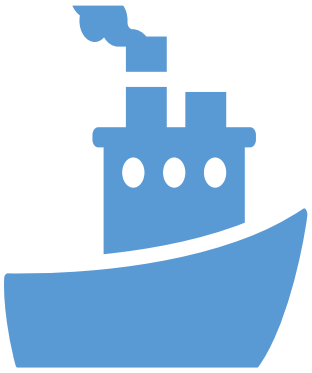


High port handling charges and clearance/cargo dwelling delays pose a threat to market access and integration of domestic businesses into global supply chains

1. Demand-driven value chains are constrained, affecting business inventory predictability, and negatively impacting firm competitiveness.

Inefficient port systems could result in low cargo traffic and consequently affect overall trade in Ghana

- Governments lose revenue when cargo stays longer at the Port because it creates congestion and prevents new cargo from docking.
- Cracks in port systemes create incentives for port authorities, customs officers, private terminals, shipping agents, and business owners to collude and engage in fraud.
- Declined trade levels threaten job creation, economic growth, and poverty reduction.





Enhanced port efficiency and lower handling charges would make the Tema port a preferred destination given commencement of trading under the African Continental Free Trade Agreement (AfCFTA) since January 2021

1.4 Structure of the Report

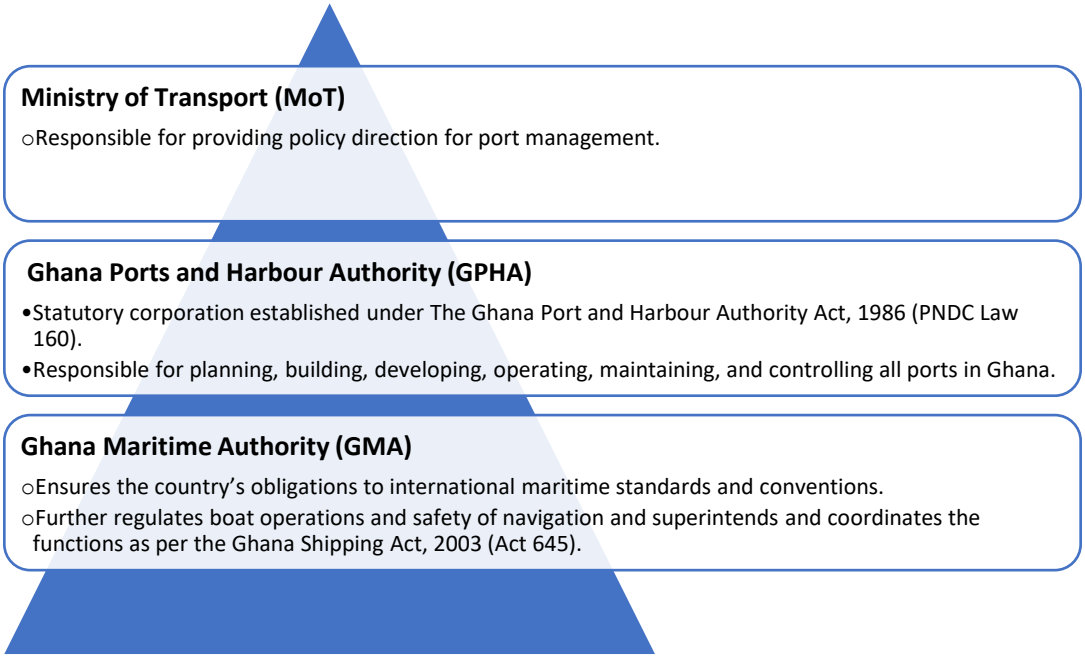
The rest of the report is organised as follows:

- Section 2 – discusses Tema port governance and underlying political settlement.
- Section 3 – examines multiple-agency charging fees at the Tema Port.
- Section 4 – examines the causes of delays in clearances/paperless system at the Tema Port and irregular application of regulations.
- Section 5 – examines the causes of high handling charges at the Tema Port. It also undertakes benchmarking analysis with neighbouring countries for ship-to-ship handling costs
- Section 6 –Provides a set of evidence-based recommendations that could be communicated to the Government of Ghana to improve efficiency and lower handling costs at Tema Port, and identifies potential areas for UK-Ghana collaboration to enable this
- Appendix – Outlines the methodology and assessment framework we utilised for the assignment.

2 Tema Port Governance and Underlying Political Settlement

Ghana's maritime sector is handled by the Ministry of Transport (MoT), the Ghana Maritime Authority (GMA), and the Ghana Ports and Harbour Authority (GPHA) as outlined in Figure 2 below. MoT is in charge of policy direction while GMA executes Ghana's obligations concerning maritime related international conventions. Also, GPHA's mandate is to plan, build, develop, manage, maintain, operate, and control Ghana ports. The GPHA is the principal player when it comes to port governance in Ghana.[10] The GPHA plays the dual role of **regulator and a commercial player** for all ports in the country, which can create a conflict of interests depending on the issue at stake. Nevertheless, GPHA has sought to play more of regulatory and coordinating function in the past few years. As an operator of the Tema Port, GHPA owns key infrastructure, such as wharves, cranes, warehouses, and specialised handling equipment; and provides key shore handling services to small stevedoring companies. Additionally, the GPHA has a joint venture with MPS to run off-dock facilities such as the Golden Jubilee Container Terminal.

Figure 2 Port Administration in Ghana



As is pertinent of Ghana's Fourth Republican political economy, the over-concentration of executive power to the President has created a situation whereby heads of many state institutions, including those in the maritime sector are treated as part of the political establishment. Ghana's post-1992 *'competitive clientelist'* political environment, which is characterised by intense electoral competition between the New Patriotic Party (NPP) and the National Democratic Congress (NDC) has resulted in a *'winner takes all'* mentality to governance. Thus, both political parties are ultimately interested in capturing Executive Power (the Presidency) to perpetuate clientelist privileges, including patronage distribution to reward local elites and other transnational actors. Interviews with key informants indicate that the country has progressively seen a weakening of institutions, leading to greater political corruption, including in the maritime sector and at the Tema Port.[11]

[10] Ago, T.E., Yang, H. and Enam, T.D., 2016, March. A review of port governance in Ghana. In *2016 Eighth International Conference on Measuring Technology and Mechatronics Automation (ICMTMA)* (pp. 26-31). IEEE.
[11] Source 2; Source 4; Source 9; Source 6

Causes of Delays in Port Clearance and High Handling Charges at Tema Port

Weakening of institutions in the maritime sector and at the Tema Port has entrenched rentier social groups – business or political elites – as well as organised crime groups (OCGs) that have sabotaged the process of institutional reform to create conditions that favour rent-capture and criminality. Which includes under-invoicing, under-declaration, and misclassification of goods by politically exposed importers, and customs officials are used to facilitate theft and smuggling. Also, this weakening of institutions means that several reform initiatives at the Port ultimately become victim to the underlying politics.

Ghana's political settlement tends to undermine state institutions, including at the Tema Port; thus, Port governance and operations remains highly politicised, creating avenues for corruption, insider manipulation, and criminality to fester. GPHA being a state-owned enterprise (SOE) means that its governing Board, including the Chair consist of persons nominated by the ruling administration and other stakeholders. This Board has always been headed by a person appointed by the Minister of Transport (a political appointee), who is also responsible for inaugurating the other Board members and has oversight responsibility over them. Both the Board and the Director-General (also appointed by the President) run the Port's operations. Political appointment of key regime officials to serve on the Board means that in various instances, the Board or rather Board Chair is even more powerful than the CEO and Senior Management; this prevents efficient decision-making. An example is **Peter Mac Manu**, the Current GPHA Board Chair. He was the former National Chairman of the New Patriotic Party (NPP) and Campaign Manager for the NPP in the 2016 and 2020 Presidential and Parliamentary elections. Open source (OSINT) investigations revealed allegations by some GPHA workers in June 2019 of conflict of interest and bias against other companies in the US$1.5 billion concession agreement awarded to Meridian Port Services Limited (MPSL) for the Terminal 3 project, which he denies.[12] In addition, in May 2018, some GPHA worker unions demanded President Akufo-Addo dismiss Board Chair, Peter Mac Manu, for breaching several corporate governance practices. The workers alleged that Mac Manu's children were among the biggest suppliers to the GPHA while his wife's travel agency had taken over airline ticketing for staff travels at "cut-throat prices".[13] Mr Mac Manu again denies these allegations.

A major governance challenge at the Tema Port is that Ministerial policymaking role often overshadows the port authority's planning mandate as per the GPHA Act (PNDC Law, 160).[14] This means that certain governance and investment decisions are sometimes taken without regard to GPHA or seeking their input. An example of this was the state awarded contract to Lonrho Ports Ghana Limited to construct the Atuabo Free Port in the Western Region to serve Ghana's oil and gas industry when the Takoradi Port could have been easily upgraded to serve the same purpose, which was the GPHA's preference according to sources. Secondly, the CEO and senior management at the Tema Port (and the country at large) as well as the board are often dismissed or retired when a new government is elected – *'a new sheriff is in town'*. This cycle is then repeated with successive elections – every four or eight years. The new government often perceives these appointees, some of whom have several years' experience, as not being *'one of them'* and belonging to an 'opposition camp'. The country's political elites view the Tema Port as a money-making vehicle for the ruling party and thus always want their own trusted personnel in charge. Such changes often result in the loss of

[12] https://www.ghanaweb.com/GhanaHomePage/NewsArchive/Mac-Manu-exonerated-in-MPs-US-1-5bn-brouhaha-751554

[13] Sack Mac Manu - GPHA staff appeals to Akuffo Addo (2021). Available at: https://www.modernghana.com/news/856456/sack-mac-manu-gpha-staff-appeals-to-akuffo-addo.html (Accessed: 28 March 2021).

[14] Ago, T.E., Yang, H. and Enam, T.D., 2016, March. A review of port governance in Ghana. In *2016 Eighth International Conference on Measuring Technology and Mechatronics Automation (ICMTMA)* (pp. 26-31). IEEE.

[14] The other two were Akosombo Dam and the Tema aluminium smelter

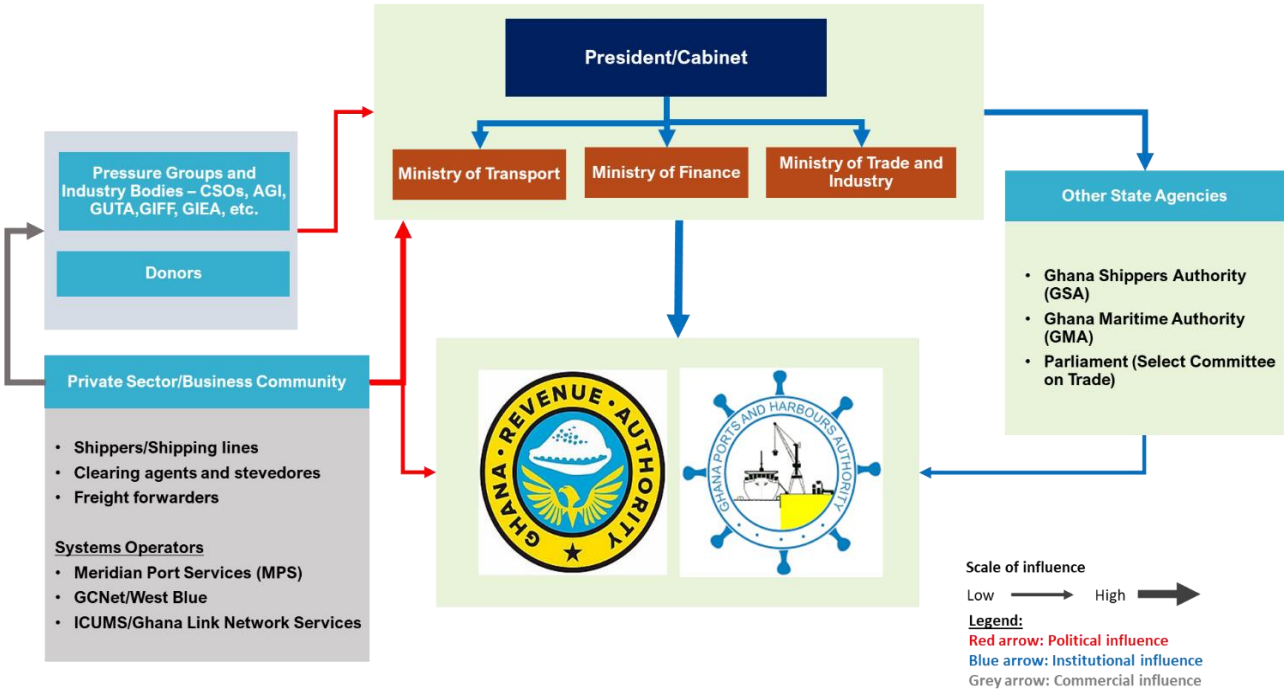
institutional memory, and compromises efficiency and effectiveness of such SOEs and state institutions. The lack of effectiveness and efficiency is heightened when new appointees are selected despite their lack of technical expertise and competence to run such institutions.[15] Furthermore, such political appointments enable businesses and/or political elites to create conditions that favour rent-capture, corruption, criminality, and insider manipulation.

2.1 Stakeholder Mapping

Figure 2 and Table 1 lists the major organisations and influential groups with an interest (material or otherwise) in the policies, operations, and outcomes related to the maritime sector and the Tema Port in particular. The objective here is to shed light on the main characteristics of stakeholders: (a) the degree of power or influence of each stakeholder; (b) their preferences for policies, operations, and outcomes for the maritime sector, and (3) more specifically, their preferences for reform at the Tema Port. GPHA's major customers and other key stakeholders at the Tema Port are clustered into four main groups, namely:

i. Government/sector agencies
ii. Private sector/business community
iii. International organisations and advocacy Groups

Figure 3: Core influence dynamics at the Tema Port regarding handling charges



Source: Authors' construct

[15] Political appointment of GNPC, VRA, ECG heads compromising efficiency – CBOD Report (2021). Available at: https://www.ghanaweb.com/GhanaHomePage/NewsArchive/Political-appointment-of-GNPC-VRA-ECG-heads-compromising-efficiency-CBOD-Report-1189495 (Accessed: 28 March 2021).

Table 1 Duties and motivation for reform by different stakeholders

Area	Organisation	Main Duties	Motivation for Reform
Government/sector agencies	**Presidency/Cabinet/Economic Management Team (EMT)**	This is the Executive decision-making body of the Ghanaian government. Members are appointed by the President and has representation from Ministry of Finance, Ministry of Trade and Ministry of the Interior, among others.	Negative effects of delays and charges on revenue generation, trade facilitation and Ghana's overall competitiveness
	Ministry of Transport	Responsible for transport sector policy formulation and co-ordination, and oversight responsibility for sector agencies, among others.	How to make Ghana a very competitive port in the sub-region and Africa at large. Thus, any reforms that seek to enhance import and export efficiency will be of interest to them. This is demonstrated through the current Port expansion project. One of the objectives under the Port expansion project is efficiency.
	Ministry of Finance	Ensures effective and efficient macroeconomic and financial management of the Ghanaian economy.	Increase the domestic revenue mobilisation envelope more so in the context of the post-COVID-19 economic recovery. MoF is interested in reducing the import tax gap as a percentage of the potential revenue collectible. The World Bank assesses that GRA is only able to collect 66% of import taxes, leaving a 34% potential gap.
	Ministry of Trade and Industry	In charge of trade and industry policy formulation and implementation. The ministry is not directly involved in clearing goods or exports of them	The Ministry will be motivated to support reforms that enhances trade facilitation – that is, minimises delays, competitive seaport fees, and non-discrimination in the application of regulations. Thus, reforms that focus on these areas will be of interest to the Ministry.

	Parliament Select Committee on Trade	select committee reviews laws and influences policy in relation to port regulation, trade and Ghana's business environment.	Parliament Select Committee on Trade will be motivated to support reforms that enhances trade facilitation – that is, minimizes delays, competitive seaport fees, ease of doing business, and non-discrimination in the application of regulations. Additionally, issues on harmonizing domestic laws with international protocols such as WTO FTA, GATT, will gain traction the Committee.
	Ghana Ports and Harbour Authority (GPHA)	Plan, build, operate and manage all Ports and Harbours in Ghana.	The GPHA seeks to become the leading trading and logistic hub in West Africa and provide efficient service to clients. GPHA will be interested in reforms that focuses on improving seaport efficiency and competitiveness.
	Ghana Revenue Authority (Customs Division)	GRA is responsible for revenue mobilisation (collection), trade facilitation and national security compliance (track all forms of illegal activities which may result in tax evasion at the ports). They are also involved in the Port's operational and customs management systems – ICUMS, and hitherto GCNet. That is clearing goods at the ports of entry (for imports) and ports of exit (for exports)	GRA will be motivated to support reforms that enhances revenue collection, trade facilitation, and support preventive and security intelligence at the Port.
	Ghana Shippers Authority (GSA)	In charge of promoting and facilitating trade, which includes ensuring that Ghana's Ports are not subject to unnecessary bureaucratic bottlenecks, corruption and red-tape, which constrains doing business.	GSA seek to protect the interest of shippers and ensure cost effective cargo handling charges. A reform programme targeting fees and charges and improving trader experience at the port would be supported by GSA.

	Ghana Maritime Authority (GMA)	Agency responsible for monitoring, regulating, and coordinating policy implementation in the maritime industry	GMA will be interested in reform programmes targeted improving sea-freight security, surveillance, and strengthen the fight against piracy. The overall effect would be to make Ghana seaport competitive.
	- **Ghana Standards Association (GSA)** - **Food and Drugs Authority (FDA)** - **Environmental Protection Agency (EPA)** - **Plant Protection and Regulatory Services Directorate (PPRSD)** - **Veterinary Service Department (VET)**	GSA tests, inspects, and certifies food and agriculture, engineered goods, material science products, drugs, and cosmetics. FDA inspects and issues permits for medical devices, pharmaceutical goods for human and animal consumption, packaged foods, cosmetics, and household cleaning items. EPA issues permits to traders for the import and export of hazardous chemicals and pesticides. PPRSD participates in the border management of plants, seeds and fertilizers to ensure they are free from disease and or contamination. VET inspects all veterinary products, veterinary medications and pet foods.	These agencies will be interested in reform programmes that streamline quality assurance activities at the port, ensure timely sharing of information among the institutions, and faster delivery of reports to clients to minimize congestion.
Private sector/business community	**Shippers/Shipping Lines**	Facilitate information dissemination of Customs processes, handling, charges, shipping and transportation. Facilitate and coordinate the activities of the ship owners and shipping lines.	Shipping lines and shippers will be motivated by reforms that reduces fees and charges, improves efficiency of custom processes, and minimize overall risk of using the port.

	Clearing Agents and stevedores	Assist and facilitate clearing of cargo on behalf of traders. Stevedores facilitate movement of goods within the port.	Clearing agents will be motivated to support reforms that ensure a seamless clearance process, minimize delays, and ensure relatively lower charges. Stevedores will be motivated to support reforms that targets overall seaport efficiency, and predictability in the issuance of stevedoring licences.
	Freight Forwarders	Plays a key role in the organization of cargo, documentation and linkage between sellers and buyers	Freight forwarders will be motivated to support reforms targeted at faster clearance processes, reduce political interference, and lowers fees and charges.
	Systems Operators - **Meridian Port Services** - **GCNet/West Blue** - **UNIPAS/ICUMS**	Coordinate clearance process, revenue collection, and port data management.	System operators will be motivated to support reforms that enhances infrastructure capacity, seamless clearance process, and overall seaport efficiency.
	Industry Bodies and Associations	Ghana National Chamber of Commerce (GNCC): issuance of the certificate of origin	Industry bodies will be motivated to support reforms targeted at faster clearance processes, ensure security, and lowers fees and charges.
International organisations and advocacy Groups	**Advocacy Groups**	- IMANI Ghana - Media Coalition at the Ports	Advocate for reforms and increase government attention to the threats of cargo delays and trade facilitation issues at the Port.
	International bodies/organisations/donors	- USAID - UNCTAD - World Bank - GIZ - IMF - UK Government	International bodies will be interested in reforms that support seaport efficiency, minimize trade barriers, lowers threats of SOC, and ensure effective import tax revenue collection. Additionally, they will be interested in reforms that harmonizes domestic maritime frameworks with international standards and best practices.

Customs Chain of Command at the Tema Port

Overall responsibility in terms of the Customs chain of command at the Tema Port rests with the Sector Commander – (s)he is in charge at the Port- and under them you have the second in command '2IC'. This is followed by Preventive officers who work to ensure that any goods that are declared, are checked properly to ensure revenue diligence and minimise revenue leakages. Additionally, there are various positions like the head of state warehouses, who plays the role in the clearing chain – for example, confiscated goods are kept at the state warehouse. Key informants indicated an uncleared cargo list processed by the officers for confiscation when the importer fails to clear within a grace period.[16] Also, key informants indicate that there are times that importers or exporters are required to see the Preventive officer or sector/deputy sector commander when their uploads on the GCNet/ICUMS system have been rejected. This could be due to system challenges as a result of an input error on the part of the importer, but it creates an avenue for further delays as we explain later in Section 4.

2.2 Ongoing Cross-Ghana Government Institutional Mechanisms and Donor-Funded Initiatives

2.2.1 MoTI Technical Working Group (TWG)

Our research revealed the existence of a **Technical Working Group (TWG)** which comprises the MDAs involved in clearance as well as the private sector associations vested in leading the facilitation reform. This working group is housed under the auspices of the Ministry of Trade and Industry (MOTI). The group, an outcome of the 2017 USAID and WTO Project on trade facilitation[17], has been in existence as far back as 2017 and has the following mandate as shown in Box 1 below.

Box 1 – Mandate of the TWG

1. "Identify all official fees and charges from all relevant MDAs, as well as mechanisms for levying the fees and charges.
2. Conduct a review to ascertain whether fees are commensurate with the costs of services rendered provide recommendations to address any deviations
3. Establish mechanisms and guidelines to review fees and charges to facilitate their transparent publication.
4. Serve as a platform for dialogue with the private sector on official and unofficial fees and charges.
5. Develop an action plan for consolidating and rationalising fees and charges.
6. Develop and implement advocacy to inform all relevant stakeholders of obligations on fees and charges.
7. Continuously benchmark Ghana's fees and charges against those of other West African countries and assess the impact of those fees and charges on trade competitiveness.
8. Carry out any other related activities referred to the Trade Working Group by the National Trade Facilitation Committee bordering on fees and charges."

Source: USAID (2017). World Trade Organization's Trade Facilitation Agreement. Article 6-Analysis of Ghana's Discipline on Fees and Charges Report . pg.13

[16] Source 7

[17] USAID (2017). World Trade Organization's Trade Facilitation Agreement. Article 6-Analysis of Ghana's Discipline on Fees and Charges Report.

What is interesting to note is several of the issues which this group seeks to find solutions to are the very same ones that this report aims to address. Sources confirmed that they have not or are yet to see any tangible results that could be attributed to this group. In fact, if the TWG was really working and delivering results as expected, then one would have expected a resolution of some of the major issues of handling charges and other trade facilitation issues at the Port in the past three years since its formation. It is important to stress that we are yet to authenticate some of these claims with MOTI.[18]

2.2.2 *National Trade Facilitation Committee (NTFC)*

The NTFC was established in 2008 albeit not fully functional so it was revitalised in 2016 with UK government funding to assist in the implementation of the WTO Trade Facilitation Agreement (TFA).[19] NTFC works on the facilitation of transport and trade procedures to reduce the cost and time of doing business and improve Ghana's trade environment. The ratification of WTO TFA was passed by parliament in October 2016 and ratified by the President in January 2017. NTFC is an ad-hoc committee operating from MOTI as the coordinating agency. There are plans for the committee to become a permanent secretariat; however, the committees' work has been curtailed by the lack of financial support from donors and development partners more so given that the NTFC's activities are not mainstreamed into the National Budget.[20] Membership of the committee includes public or quasi-public agencies and private sector associations. These are shown in Figure 4 below.[21]

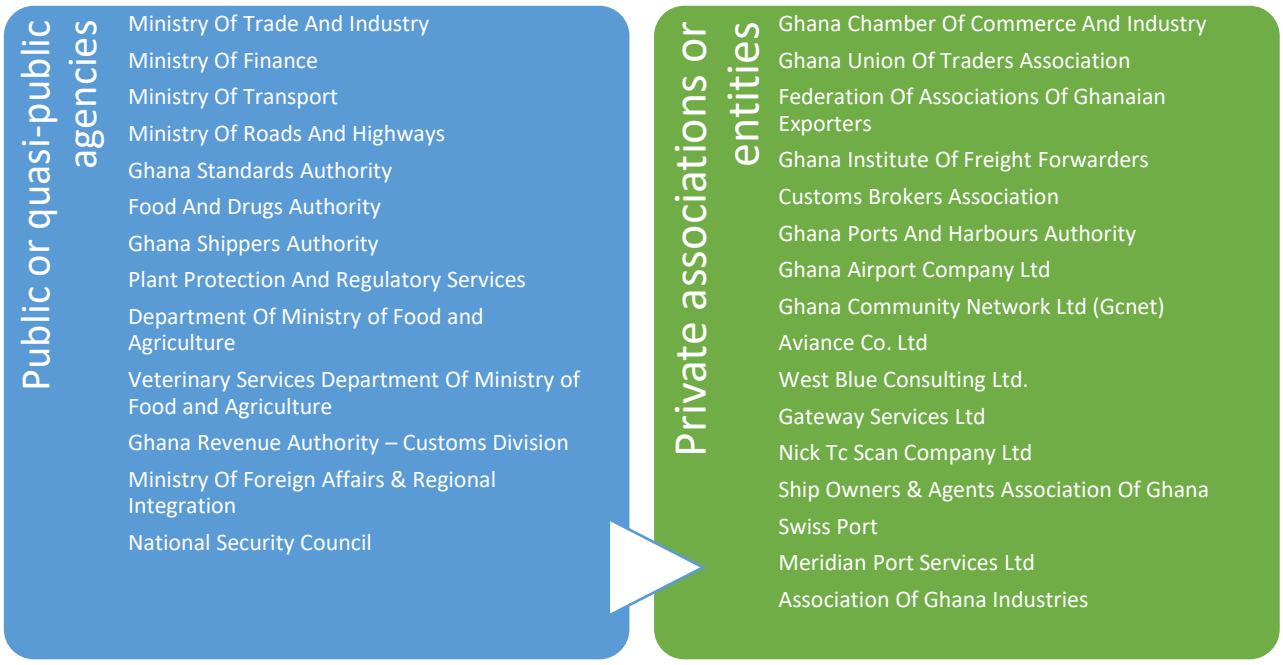


Figure 4 Composition of NTFC

The principal development partners supporting Ghana's trade facilitation implementation and related measures to improve the ease of doing business include USAID, UNCTAD, World Bank, IMF, the UK Government and GIZ. Table 2 lists these donor agencies and their work focus over the years.

[18] A meeting with MOTI has been scheduled for the week of 18 April 2021 to find out more about TWG and other trade facilitation issues at the Port.
[19] https://unctad.org/system/files/non-official-document/TFC_GH_EN.pdf
[20] ibid
[21] https://www.tfafacility.org/ghana

Table 2 Donor Agencies and Work Focus on Trade Issues

This table presents a brief description of ongoing reform projects and programmes by development agencies and respective state agencies. The description relies on information provided by key informants in the implementing MDA's and publications on the portals of the partners. Details of progress of the reforms are not publicly available because they are meant for internal use by the MDA's.

Donor Agency	Work Focus
USAID	- Technical support to MOTI, GRA and other border agencies as part of Trade Facilitation Project (TFP) launched in October 2016 - Conducted major study on Ghana's compliance with Article VI of the WTO Trade Facilitation Agreement on fees and charges
UNCTAD	- Provided training to Ghana's NTFC. - Provided technical assistance to develop National Trade Facilitation roadmap (2018-2022) in October 2017. - National Trade Facilitation Roadmap[22] aims to: o cut down the time for clearing imports, export and transit goods to 48 hours o reduce cost of doing business across borders by 40% o improve Ghana's ranking to be among the top 100 countries in the Trading Across Borders section of the World Bank Doing Business
World Bank	- Been implementing Improved and Facilitated Trade in West Africa Project (which includes Ghana) aimed at reducing the time and cost of regional trade. - The Bank has been providing technical assistance to the Customs Division of the Ghana Revenue Authority and the Revenue Policy Division of the Ministry of Finance. - This encompasses analysing and implementing reforms regarding import clearance processes (scanning) as well as VAT on transit trade.[23]
GIZ	- Been implementing the multisectoral Governance for Inclusive Development (GovID) project (2019-2022) with the Ministry of Finance (MoF) and Ministry of Local Governance and Rural Development (MLGRD) as the lead executing agencies. - One of the key project aims is to boost revenues by improving tax policy and tax management through the introduction of simpler customs clearance processes for imported goods.[24] - GIZ is providing technical assistance to GRA on customs administration.

[22] https://www.howwemadeitinafrica.com/one-year-ghanas-implementation-wto-trade-facilitation-agreement/60968/
[23] ibid
[24] https://www.giz.de/en/worldwide/19422.html

IMF	- IMF has been working with the GRA since late 2020 on border and inland control issues. - This follows an assessment which indicated that customs officials are being curtailed from doing their duties at the airport by national security officials (who by the way, do not have any operationally defined mandate but are working at the airport and preventing customs from doing their legitimate work).[25]
Global Alliance for Trade Facilitation	Multilateral donor support programme which is working with the Ghana National Chamber of Commerce (GNCC) to support Ghana and the private sector to implement the WTO Trade Facilitation Agreement.
UK-Government	TBC

[25] GRA boss accuses National Security at KIA of blocking custom officials from inspecting goods - MyJoyOnline.com (2021). Available at: https://www.myjoyonline.com/gra-boss-accuses-national-security-at-kia-of-blocking-custom-officials-from-inspecting-goods (Accessed: 19 April 2021).

3 Multiple Agency Fees at the Tema Port

This section of the report investigates and examines the multiple agencies that traders face at the Tema Port, services provided, and the associated cost. The section critically examines:

1. Agencies involved in the clearance process
2. The fees charged by the agencies
3. The implication of the charges for sea-freight users, and the overall effects of the multiple agencies on the clearing process at the Tema Port.

3.1 Government Agencies at the Tema Port

Traders interface with multiple agencies in the process of clearing goods for import or export. Avoidable bottlenecks in the process of acquiring permits and satisfying regulatory requirements may result in increased cost for traders and delays in clearing goods at the Port. Countries with multiple agencies without a well-structured system to streamline the various functions have been characterised by delays in moving goods across borders, abuse of traders by overzealous officers, and corruption and insider manipulation. As a result, simplification and modernising the clearing process have become important to minimising market access barriers. Before implementing the GCNET Customs Management System, about ten (10) core agencies provided different services in the clearing process at the Tema Port. The GCNET and Westblue system, now replaced by the Integrated Customs Management System (ICUMS), streamlined the activities of the regulatory agencies. This reduced the agencies physically present at the Port from ten (10) core agencies to three (3), namely:

- Customs Division of the Ghana Revenue Authority (CD-GRA)
- Food and Drugs Authority (FDA)
- Ghana Standards Authority (GSA)

Despite these three core agencies, importers and exporters often also have to interact with the following other agencies for various certificates and permits, depending on the goods in question:

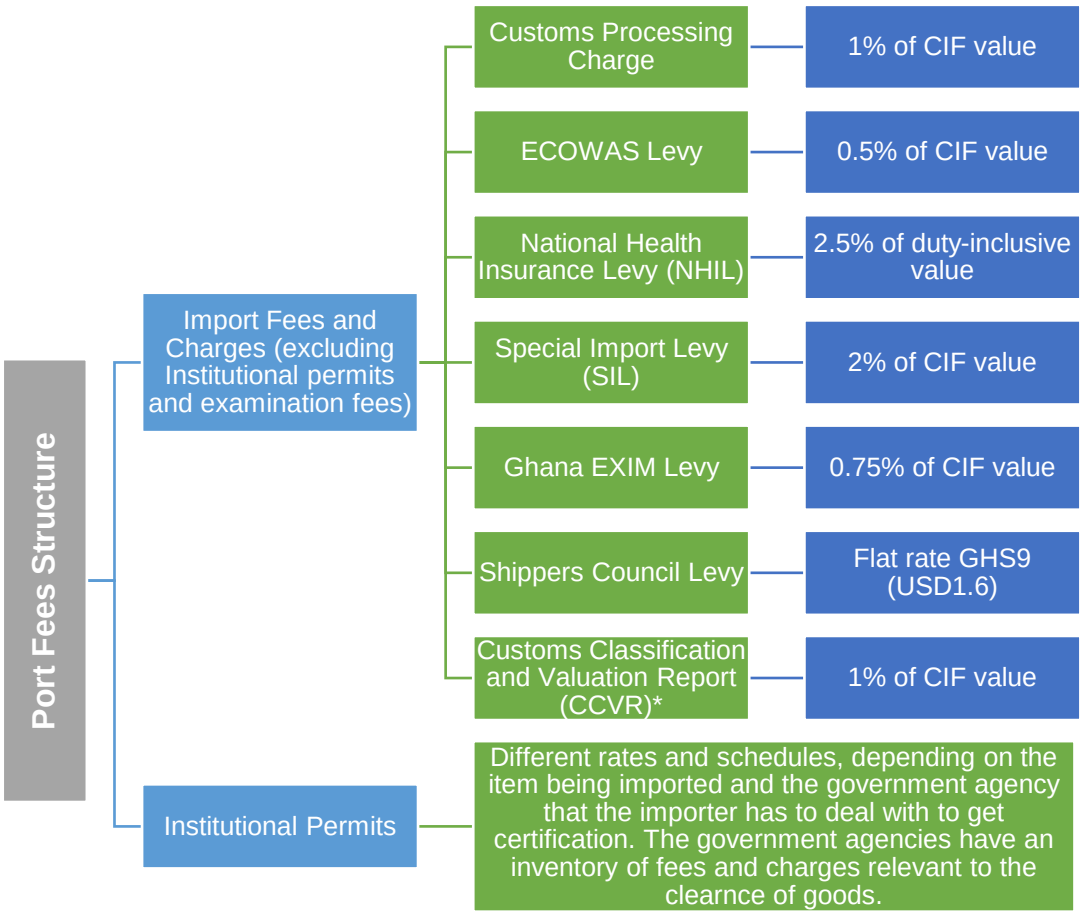
- Environmental Protection Agency (EPA)
- Plant Protection and Regulatory Services Directorate (PPRSD)
- Veterinary Service Department (VET)
- Narcotics Control Board (NACOB)
- Ghana Export Promotion Authority (GEPA)
- Chamber of Commerce and Industry (GCCI)

3.2 Import Fee Structure

The Port fees structure for imports is illustrated in Figure 5 below.

- **Customs Processing Fee:** this fee is imposed for ex-warehoused goods, duty-free imports and vehicles only
- **ECOWAS levy:** This is a fee imposed on all non-ECOWAS imports
- **NHIL**: As the name suggests, this funds the national health insurance system
- **Special Import Levy (SIL):** This is levied in most imports for revenue generation.
- **EXIM Levy:** This is a fee levied to support the operations of the Ghana Export and Import Bank, hitherto the Export Development Fund (before January 2017)
- **Shippers Council:** Imposed on all imports to cover data gathering for shipping lines negotiations

Figure 5 Import Fees Structure



Source: Authors' construct based on Article 6 Analysis of Ghana's Discipline on Fees and Charges Report (USAID, 2017)

**Before ICUMS, a Customs Classification and Verification Report (CCVR) fee (1% of CIF) was charged by West Blue. Currently, CCVR is integrated into the ICUMS system so this levy has been scrapped but the line items have been incorporated into other cost areas.*

Despite Ghana's commitment to these international trade principles regarding import and export clearance, the current fees structure includes components that have no connection with the cost of service for the clearance process. In 2017, Ghana ratified the World Trade Organization (WTO) Trade Facilitation Agreement (TFA), which seeks to accelerate the movement, clearance and release of goods across borders[26]. Article 6(2)(i)(ii) *stipulates that the fees and charges levied shall be limited to cost of service rendered, and that fees and charges not linked to a specific import or export operation must be closely linked to the customs processing of goods*[27]**.** Also, Article VIII (1)(a) of the General Agreement on Tariffs and Trade (GATT) *states that fees and charges of whatever character (other than import and export duties and other than taxes within the purview of Article III) imposed by contracting parties on or in connection with importation or exportation shall be limited in amount to the approximate cost of services rendered and shall not represent an indirect protection to domestic products or a taxation of imports or exports for fiscal purposes*[28]**.**

Notwithstanding the regulatory streamlining and harmonisation, the rationale for the various fees imposed by especially regulatory agencies (institutional permits) remains unclear. Several MDAs operating at the Tema Port have imposed regulatory costs on imports and exports, which are being

[26] Microsoft Word - 10394_D_01.doc (wto.org)
[27] Ibid
[28] Direct 0013/MS/cjwf/29.4.91/91 pages (wto.org)

exploited as a key source of revenue generation for the State. These include, for example, import charges such as the 2% Special Import Levy (SIL), the 0.75% Ghana EXIM Levy, 2.5% National Health Import Levy (NHIL) and ambiguous charges such as the 0.5% ECOWAS Levy. **It is interesting to note that these three items collectively make up 5.75%, which is about three-quarters (78 percentage points) of the total import cost base of 7.4%**, not including the Shipper's Council levy and other institutional permits. Additionally, some of these levies were not originally designed to run in perpetuity but they continue to be earmarked as a key government revenue generation source. For example, the 2% SIL, originally introduced in 2013 to help stabilise the economic challenges of the time, was designed to be implemented for two (2) years until 2015. However, traders continue to pay for this levy.[29] SIL was meant to be payable on specific imported goods but was extended in 2017 to cover almost all goods. Such arbitrary tax impositions increase the cost of doing business in Ghana.

Furthermore, unpacking the 1% Customs Classification and Valuation Report (CCVR) reveals a combination of both revenue generation items and cost of service items, the former not linked to service provision (See Table 4). Before ICUMS, a CCVR fee of 1% of CIF was charged by West Blue. Currently, CCVR is integrated into the ICUMS system as there is no need for a CCVR Report. However, many of the line items under the old CCVR have been retained and are still charged in addition to the 1% customs processing free as itemised in Table 4. For example, the 0.05% Ministry of Finance and 0.05% Ministry of Trade and Industry charges are not linked to any service provision within the cargo clearance chain as is the non-service related judgement debt resulting from the 2011 Bankswitch arbitration case in which Ghana lost for unilaterally cancelling a customs integration contract.[30]

Table 3 Cost Component of the CCVR still being charged as separate line item

	Old Rate (%)	New Rate (%)
West Blue (private entity) for the single window platform	0.35%	N/A
Ghana Link/ICUMS (private entity) for an external valuation verification	0.10%	0.10%
Nick TC Scan for Container Scanning	0.30%	0.30%
Ministry of Finance (service provided unknown)	0.05%	0.05%
Ministry of Trade and Industry (service provided unknown)	0.05%	0.05%
Customs- Ghana Revenue Authority	0.05%	0.05%
A special fund to pay down debt from the BankSwitch arbitration (non-service related judgement debt)	0.10%	0.10%
Total	**1.00%**	**0.65%**
Difference	***0.35%***	

Source: Authors' construct based on USAID (2017) and source interviews

In addition, the imposition of charges and fees unrelated to the clearance process is also driven by the central government strategy of weaning off some of the MDAs from the government budget. Hence, these MDAs are imposing these charges as a means of institutional revenue generation, often to cover their own operating costs and support critical investment. Ghana's EPA, for example, has been weaned off government budget since 2017, and there are plans to make the Ghana Standards

[29] https://www.modernghana.com/news/966792/abolish-2-special-import-levy-in-2020-budget.html

[30] Arato, J., 2019. The private law critique of international investment law. *American Journal of International Law*, *113*(1), pp.35-36.

Authority and the Food and Drugs Authority independent of government funding.[31]. In essence, the financial survival of these agencies will depend on whether the current fees and charges, such as those imposed at the Tema Port can cover their OPEX and CAPEX. However, this policy move also creates an unintended consequence in contradicting the FTA and GATT principles on fees and charges and places more avoidable cost on importers and exporters.

The unpredictability of the timelines and methodologies for reviewing the fees and charges also makes the review non-transparent, unilateral, and subject to abuse by the government, again all geared towards raising revenue. The last time the fees and charges were reviewed was 2016.[32] Additionally, the Fees and Charges document is difficult for traders to access. At the time of conducting the study, the document was not published on the Ministry of Finance website, the authorised agency to publish the Fees and Charges Instrument, LI 2228.[33] Charges such as Special Import Levy, ECOWAS Levy, and the special fund component of 0.010% of the 1% CCVR charge to pay the debt from the BankSwitch Arbitration could not be traced to any MDA.[34]

Also, most of the import fees and charges are calculated based on Cost of Insurance and Freight (CIF), which results in high cost for the importer taking cognisance of the premium cost of CIF arrangements. Likewise, the flat rate charges are not reflective of service quality and place more burden on small importers.

> "There is little stakeholder consultation with regards to review of fees and charges. I think some of the fees and charges are very debatable. There are no consultation in the review of some of the charges."- Source 4.

3.3 Exports Fee Structure

In the case of exports, the charges and fees structure covers service provision by the respective agencies without levies as compared imports (See Table 3)**.** However, the **services provided by some of these agencies are disconnected** to some extent from the clearance processes. For example, Ghana Export Promotion Authority (GEPA) charges an annual registration fee of GHC200 (US$35) to provide advisory services and a database to track illicit trade. However, there is currently no publicly available database on illicit trade managed by GEPA. Thus, the value of this charge to exporters is questionable. Additionally, **some of services charged by the MDA's are charged in US dollars (USD)**, although the service is provided locally. Fluctuations in the local currency leads to increase in import fees for traders. For example, certificates of origin are issued locally by the Ghana Chamber of Commerce and Industry. However, the fees per consignment are charged in USD instead of Ghana Cedis. While this may be useful to off-set the effects of inflation, it is a nuisance cost to exporters.

[31] USAID. (2017). World Trade Organization's Trade Facilitation Agreement. Article 6- Analysis of Ghana's Discipline on Fees and Charges.
[32] Republic of Ghana. (2016). Fees and Charges Instrument, LI 2228.
[33] Acts & Policies | Ministry of Finance | Ghana (mofep.gov.gh)
[34] USAID. (2017). World Trade Organization's Trade Facilitation Agreement. Article 6- Analysis of Ghana's Discipline on Fees and Charges.

Table 4 Export Charges (without permit fees)

Fee/Charge	Base	Rate
Export Registration with GEPA (annual subscription)	Flat fee	GHC200
Narcotics Control Commission Export Registration	Flat fee	GHC20
Narcotics Control Commission Certification Processing Fee	Per Consignment	GHC25
Certificate of Origin issued by Ghana Chamber of Commerce and Industry	Per Consignment	USD25

Source: USAID (2017)

3.4 Additional Elements of the Import and Export Fees

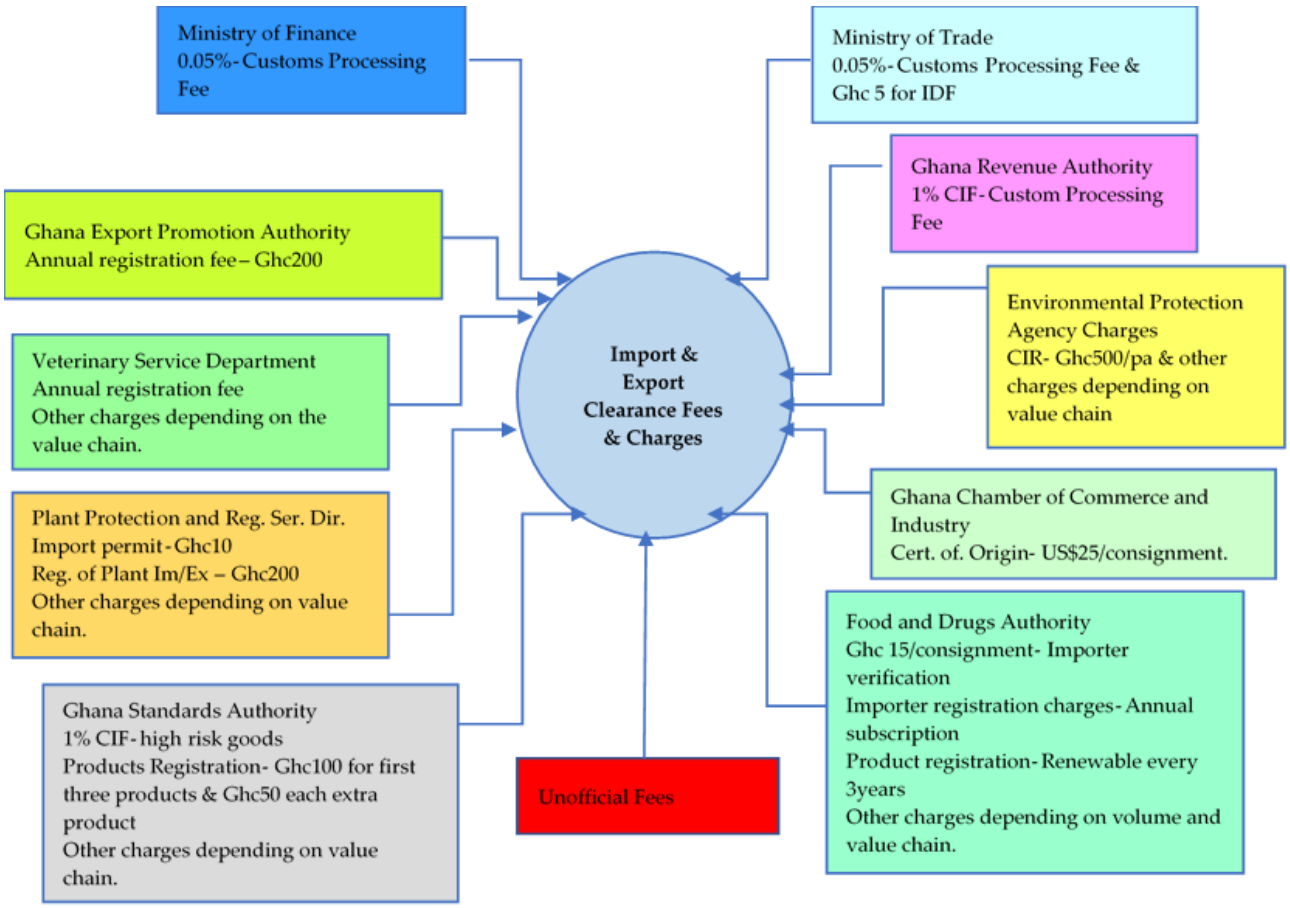
The multiplicity of quality assurance regimes at the Port results in increased clearing costs for traders involved in multiple economic value chains. A trader involved in three different agricultural value chains, such as meat, plants, and agro-chemist, would have to deal with the same agency multiple times, leading to delays in the clearance process. For example, an importer of chemical goods must pay the relevant fees for the import and warehouse permit and a fee per container to the EPA. The importer will later pay a relevant fee to the GSA for testing the chemicals after reaching its warehouse (See Figure 6). If the said chemicals are classified as high risk, a separate charge of 1% of CIF must be paid to GSA to register high-risk goods before importation. Thus, if the testing of the chemical is conducted by the GSA, it is unclear what services the EPA renders to the importers to justify the additional charge. Moreover, the importer would have already been required to register the chemical with the GSA, where the registration cost of the first three products cost Ghc100, and subsequently at Ghc50 for additional products. Where the chemical straddles the mandate of the FDA and GSA, the importer must register with the FDA at an annual subscription fee and renew their product registration every three years. When the goods arrive, the importer must pay an additional Ghc15 per consignment for verification by the FDA (See Figure 6).

Our analysis indicates that that the Customs Chemical Laboratory at the Tema port is under-utilised. The Customs Division has a dedicated laboratory resourced with personnel and equipment to quality assure the chemicals[35]. In addition, research uncovered that the regulatory agencies that operate at Tema port are mostly absent in other Customs point of entry, particularly at the land borders. Thus, if Customs can undertake quality assurance activities at points where these agencies are absent it then suggests that Customs could be resourced to perform most of the regulatory functions. The multiplicity of functions threatens efficiency at the Tema Port and contributes to increasing clearance cost. A key informant added that:

> "Our chemist have well-resourced Customs laboratories that have the same standards like the one being used by the other regulatory authorities. In fact, we even have laboratory vans that we are able to deploy on-site for laboratory analysis...These are not regular Customs officials, they are trained chemist and have the same qualification like their colleagues in the other regulatory agencies." - Source 10

[35] Customs Handed Two Mobile Laboratory Vans | News Ghana

Figure 6 Illustration of the Fees and Charges at the Port



Source: Authors' construct

The export clearance appears to attract little charges; however, the multiplicity of functions is contributing to the high export cost. The FDA must issue a license for the manufacturing sites, and the license must be renewed annually, and the products must be registered every three years. In addition, the exporter further requires a certificate for market and free seal in order to be exported. All these licenses, permits and certification come at a fee. For value chains such as fish and agricultural products destined for the European markets, irrespective of the certification and license by FDA, the GSA must inspect and certify the facility for a fee of GHS1,500, and inspect the facility on an ongoing basis for a fee starting at GHS 400 based on the proximity of the facility to GSA offices[36]. Exporters further pay different fees (based on volume) for GSA to certify the products at the time of export. Also, we found that the GSA test for pesticide residue in agricultural products destined for the European market instead falls under the inspection responsibilities of PPRSD. Although the export may not attract direct taxes like imports, cost items like these tend to increase export clearance cost.

[36]USAID. (2017). World Trade Organization's Trade Facilitation Agreement. Article 6- Analysis of Ghana's Discipline on Fees and Charges.

4 Congestion and Delays at the Tema Port

Port congestion and delays are functions of equipment, technology, and personnel efficiency. This section of the report discusses the port clearance process, the possible causes of congestion and delays. The analysis, among other things, focuses on:

1. Existing Port Infrastructure.
2. The clearance process at the Tema Port.
3. The factors leading to congestion at the Port.
4. The causes of delays in the port clearance processes.
5. The implications of delays to traders.

4.1 Tema Port Infrastructure

In 2019, the Tema Port handled 84% of imported goods into Ghana and 24% of its exports. In total, the Tema Port accounts for 58% of Ghana's total seaborne trade by volume with the Takoradi port accounting for the remaining 42%. Since 2010, container traffic cargo throughput at the Tema Port has averaged 7% annual growth. The seaborne trade comes in several categories, each requiring the usage of specialised ships. The two main categories are general (liner/container) and bulk cargo. Bulk cargo is further categorised into break bulk, dry bulk, and liquid bulk. Since 2009, container traffic has increased from 525,694 TEU to 1,000,926 TEU (See Figure 7) and overall cargo traffic growth from 7.4 million to 17 million from 2009-2019, leading to increased pressure at the Port. Enhancing seaport efficiency is a GoG priority as it seeks to be the trade hub in the West Africa sub-region and a destination for traders under the Africa Continental Free Trade Area (AfCFTA). This is one of the major driving factors for constructing the Terminal 3 and other expansion projects at the Port.

Since 2010, several infrastructural developments have been undertaken at the Tema port to meet the increasing cargo and container traffic off the back of the country's renewed economic growth momentum. Thus, in 2016, the GoG, through GPHA, signed a US$1.5 billion project, 20-year concession with MPS to build another container terminal and operate ship-to-shore services – known as the Tema Port Expansion project.[37] This is a 70-30% concession between MPS Holdings and GPHA, respectively. Construction work on the Tema Port Expansion project began in October 2016. The entire Phase 1 work (also known as Terminal 3 of Tema Port) is reported as having been completed as of April 2020, two months ahead of schedule.[38] Phase 1 work includes the following: a new 3.6-kilometre (km) breakwater harbour basin and wide entrance channel capable of accommodating the largest container vessels (which hitherto was impossible); 1 km long wharf with three container vessel berths and 98 hectares (242 acres) terminal facility. The completion of the expansion works means that the Tema Port can now handle three times more cargo from 1 million TEU to 3.5 million TEU, making Tema the largest container capacity of any West African port and one of the largest ports in Africa.[39] Estimates indicate that the new port facility could manage 2.5 million TEU yearly throughput over the next five years, doubling the current capacity. The Port hosts five off-dock handling terminals and the opening of the Reefer terminal in 2016 (Table 4).

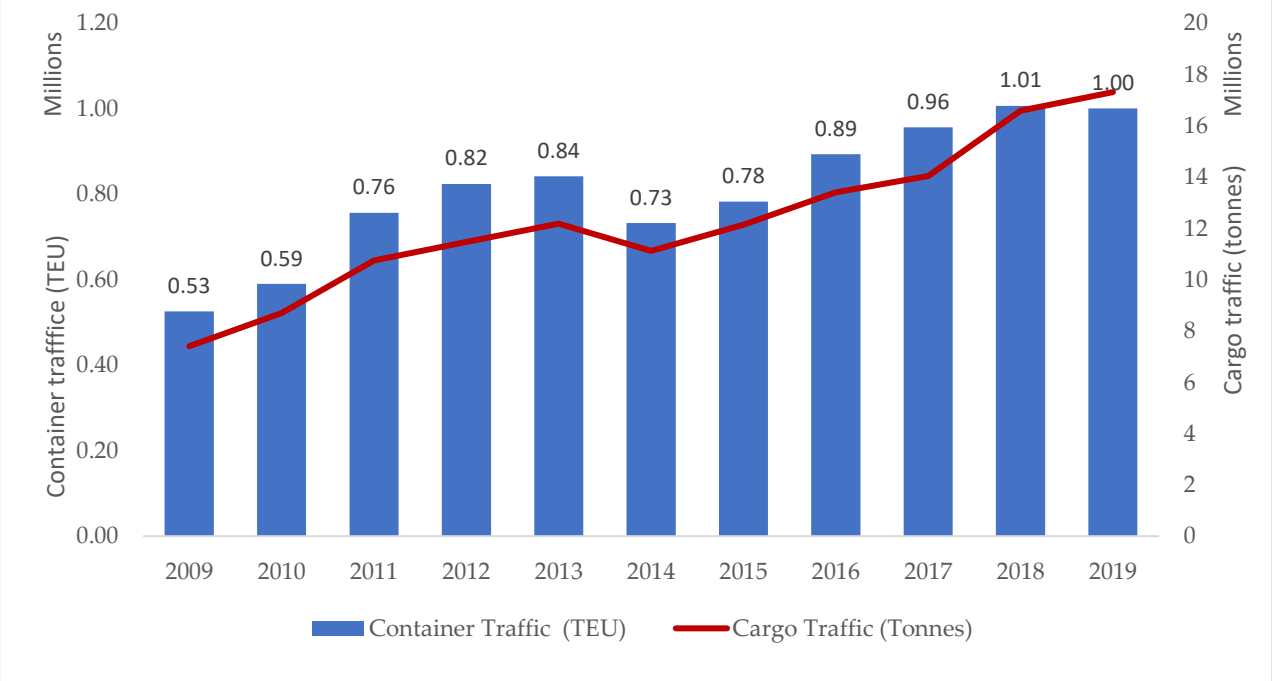
[37] Ago T. E., Yang H. & Enam T. D. (2016). A Review of Port Governance in Ghana.
[38] https://www.apmterminals.com/en/news/news-releases/2020/200507-celebrating-success-tema-port-expansion-works-phase-one-finalised
[39] https://www.theafricareport.com/11234/ghanas-tema-port-flaunts-ambition/

Table 5 Main facilities at the Tema Port

Main Harbour	Facilities
Quay 1/Terminal 1	7 berths (berths 6-12; all operated by GPHA)
Quay 2/Terminal 2	5 berths (berths 1 to 5; operated by GPHA and MPS)
Water Basin	VALCO Berth (operated by VALCO)
	Oil Berth (operated by TOR/GNPC)
Terminal 3	3 container vessel berths and 98 hectares (242 acres) terminal facility with 81,743 TEU container storage capacity and 2 million TEU annual yard capacity (operated by MPS)
Breakwater	**Facilities**
Main breakwater	1.9 km
South/Lee breakwater	1.1 km
New breakwater (Terminal 3)	3.5 km

Source: GPHA (2010), MPS (2020) as updated by authors

Figure 7 Tema Container and Cargo Traffic



Ghana Port and Harbour Authority, 2009-2019

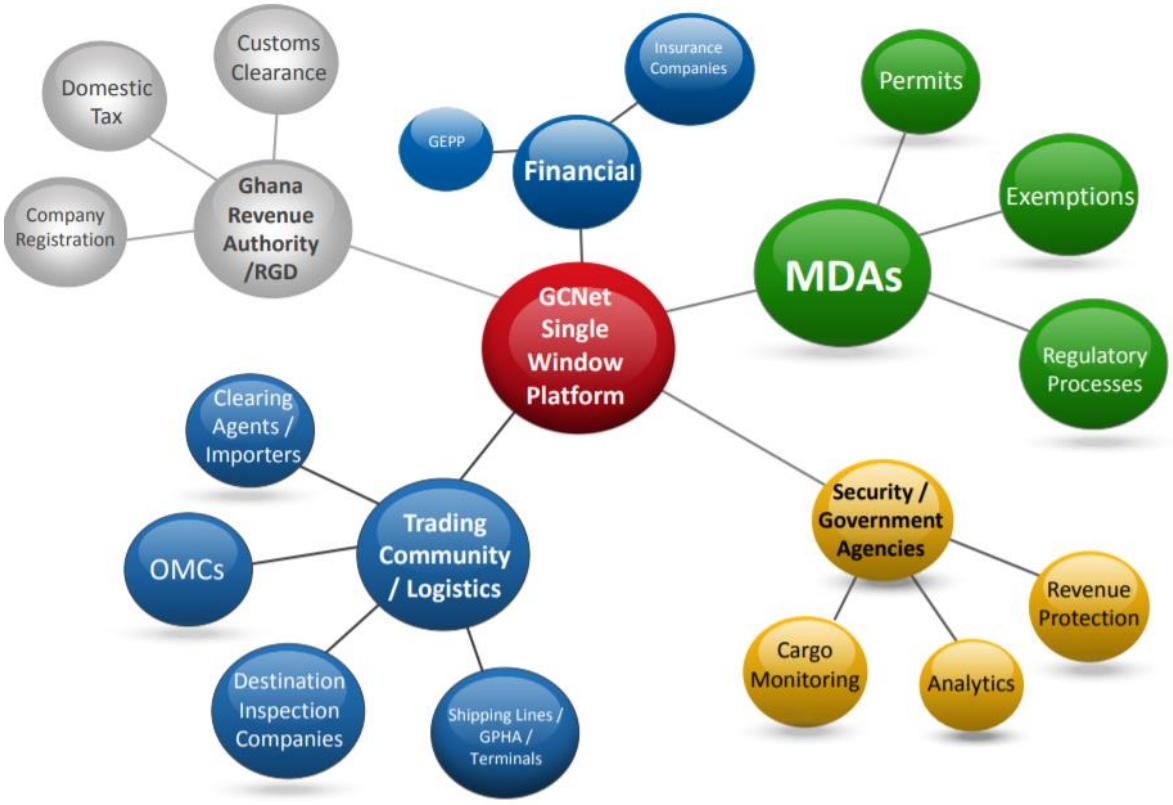
4.2 Customs Management Systems

Several initiatives have been implemented to improve the speed and efficiency of the clearance procedure. The technology and customs systems in use at the Tema Port are covered under the Ghana National Single Window (GNSW) initiative. GNSW has been in operation since 2002, and the commencement of operations of GCNet, has gone through several iterations. The GNSW, formerly

operated by GCNet, initially focused on automating Customs processes and procedures but was also expected to link several other government agencies, such as the FDA, Narcotics Control Board, GSA, and Veterinary Service.[40] This linkage was completed under Phase 2 of the GNSW project in 2015 with West Blue Consulting Limited, providing a fully automated and paperless "single entry point" portal. This automation and integration have connected all government agencies and private sector operators involved in international trade in Ghana to use a single point reference for their processing and document needs. WestBlue Consulting added the following to the GNSW:

- **GTH** – Ghana Trading Hub (mobile app and web portal) used to estimate duties and track the status of consignments within the system.
- **PAAR** - Pre-Arrival Assessment Reporting System.
- **JIMIS** – Joint Inspection Management System.
- **NIRMS** – National Integration Risk Management System.
- **CHAMS** – Customs House Management System.
- **BAMS** – Bay Allocation Management System.

Figure 3: The Ghana National Single Window Concept



Source: GCNet Ghana[41]

Before 2020, the Customs management platform and services were provided by GCNET and West Blue. Traders were required to deal with these institutions at a relative fee. For example, 1% of CIF was charged for Customs Classification and Verification Report (CCVR) by West Blue. The Integrated Customs Management System (ICUMS) was designed and installed in 2020 to integrate all single

[40] http://tfig.unece.org/cases/Ghana.pdf

[41] https://www.guichetunique.org/documents/27686/0/Achieving+Port+Efficiency+and++Paperless+Clearance+in+Ghana/faf7f91b-9701-4033-9624-b5f343096bde?version=1.0

window activities under a single operating system. Currently, CCVR activities are all covered under the Customs Processing fee because it is generated by the ICUMS platform albeit other old line items have been retained as we explained in Section 3.2. These technology improvements are geared towards a completely paperless port clearance. ICUMS has integrated the GCNET and WestBlue platform into a single system or portal. Hitherto, traders had to complete applications on the GCNET and Westblue system separately. ICUMS applies an end-to-end clearance process, and guarantees a seamless interaction between the agencies involved in the clearance process. By integrating the GCNET and WestBlue platforms, it is expected to be efficient than the former Customs Clearance Process. System efficiency performance cannot be undertaken because ICUMS has been operating for one year.

Publicly available reports from the Ghana Revenue Authority indicates that there has been an upward trend in revenue performance at the Port since the introduction of ICUMS at the Port.[42] For example, ICUMS in July 2020 was reported to have generated **GHS1.1 billion as compared to GHS0.95 billion on a year-on-year basis** under the previous GCNet/West Blue system. This represents a 23% increase in revenue. It is also reported that **ICUMS is realising about GHS1.2 billion in monthly revenues compared to about GHS0.94 billion under the previous GCNet/West Blue system.**[43] **(See Table 6)**

Table 6 Port Operating System Monthly Revenue Performance (GCNET/WestBlue Vs ICUMS)

GCNET/WestBlue	ICUMS
GHC 0.94billion	GHC 1.2billion

Box 2 - The Paperless Port Clearance Process

The paperless system enables the elimination of paper or manual inputs in the goods clearance process. Hitherto, importers and exporters were using paper-based and manual processes, resulting in them being requested to '*go and see an officer to see your documents*'[44]. Moving these papers around facilitated corruption. The paperless system aimed to minimise importers' incidences of seeking certification from regulatory bodies, make the process seamless, and reduce trade cost. It is a World Customs concept for all ports to use a digital approach to manage ports.

When Vice President Bawumia introduced the complete paperless system, what it meant was that importers would upload all information into the system immediately. As aforementioned, the new paperless system eliminated the importer chasing the certification's regulatory agencies and introduced an automatic response from the regulatory agencies on the platform. Only two documents were accepted in the Port: The Bill of Laden (a legal document) and the Manifest. GCNet changed the system that required that agent to interact with customs officers. The Customs Officer could log in and see the declaration made by the customer/agent. If the Officer had a query, they could send a notification to amend an aspect of the transaction. These changes were made to enable the process to work seamlessly because the Officer did not need to interact with the agent, thereby reducing the opportunity for corruption.

In addition, when the system was designed, there were other interfaces built for the shipping lines and terminal operators. This included notification alerts when customs officials cleared goods,

[42] https://www.modernghana.com/news/1051488/icums-generates-ghc105billion-revenue-from-june.html
[43] https://www.ghanaweb.com/GhanaHomePage/business/GRA-happy-with-ICUMS-for-blocking-leakages-and-increasing-revenue-1135217
[44] Source 8.

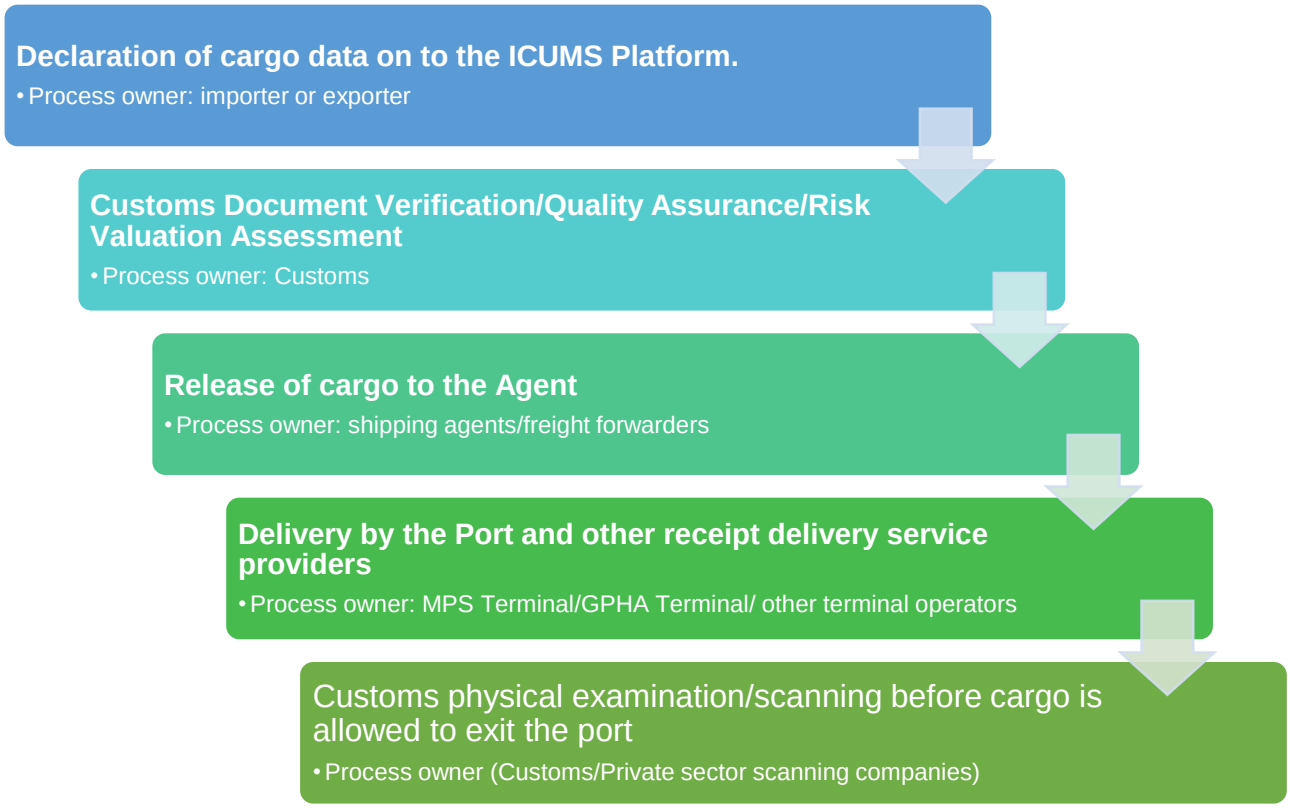
thereby supporting shipping lines and terminal operators to begin the process of releasing cargos. This process cut out all human interaction across the different players operating at the ports. When the government introduced the MPS terminal, it was integrated into the platform. Previously, you started the process from WestBlue and continued through to the GCNET system before going back to WestBlue and later completing the GCNET system process. The idea behind the new ICUMS is to apply an end-to-end system to prevent the use of multiple agencies in the clearing chain.

The processes are explained in detail under the separate import and export streams in the next sections.

4.3 Import Clearance Processes

In the import clearance process, traders are required to generate a bill of entry number using the bill of laden before the consignment arrives (see Figure 8). The bill of entry number helps the trader log on to the ICUMS platform to fill in a declaration form, providing all the consignment details. When the cargo arrives, containerised cargo are scanned through the MPS Terminal 3. About 90% of containerised cargo go through the MPS Terminal 3, and about 10% to the other terminals. For example, pineapple exporters use the Fruit Terminal Company terminal. Other traders also use the other GPHA terminals. The main reason for this anomaly is that for some value chains, using the MPS terminal increases cost because their dedicated terminals offer lower charges. For example, if a pineapple exporter uses the FTC terminal all charges are included in the cost of freight, however, if they use the MPS terminal, the exporter pays for cost of freight, handling charge of GHC1,400 per 40 TEU (which includes 3-days electricity), and any extra day electricity charge of GHC298 per day

Figure 8 Illustration of the Import Clearance Process



Source: Authors' construct

Scanning Protocols

Scanning is conducted to ensure that the declaration matches the consignment and the goods are admissible into the country using the National Integrated Risk Management System with X-ray and imaging technology from MPS. The Risk Selectivity Analysis classifies the containers in four bands: Red, Yellow, Green and Blue containers (see Table 6). In the case of bulk cargo, the ports currently do not have the sophisticated technology to scan and inspect bulk cargo; hence a process called Tallying is adopted to inspect the consignment physically. This process is based on the experience, discretion and expertise of the Officer to determine the volume.

After completing the Customs Risk Selectivity Analysis, the container is released to the shipping agent to be deposited at the inland container depots to reduce congestion. The trader would have to provide certification, permits and pay the fees required to proceed to clear the consignment. When traders complete all the relevant permits, green, yellow, and blue containers can clear and exit the Port. However, red containers would proceed for physical examination. In both cases, whether containerised cargo or bulk, where the customs officer concludes that there is an under-declaration, a Customs Offence Report is issued for the trader to pay the right duty and other taxes. The goods will be ready to clear when all these requirements are satisfied.

It is important to note that the risk determinants for allocating statuses for containers are developed and approved by the Risk Management Committee – Multi-Stakeholder Committee made up of all MDA's at the Port and Customs Risk Management Division. The risk profiles are automatically updated into the Risk Selectivity Analysis Platform.

Table 7 Container Channel Rating System

Green Channel Containers	These are mostly containers with homogenous goods, and the trader has a good compliance history. Under this channel, the image analyst confirms that the declaration matches the consignment, and a special privilege is given to traders who have over the years exhibited honesty and complied with Customs regulations. It is a combination of the content of cargo, and past history of the trader. This decision could be arbitrary to some extent. Green containers do not go through physical examination and proceed for payment and other permits. Apart from the homogeneity and trader history, the analysis considers the revenue involved and standardised storage factors such as the container's capacity to hold the declared cargo. However, the containers could be reclassified as Red for officers to conduct physical examination based on the report from the image analysis. In most cases, a disconnection between the declaration and the image report may call for reclassification or on security grounds. A trader can forfeit the green status upon a breach of Customs clearance procedure. In such instance, the trader loses the privilege of a green status. All these information are automatically updated by the Risk Selectivity Analysis platform.
Yellow Channel Containers	Yellow containers are treated like Green Containers. However, the image analyst could request that container should be reclassified for physical examination if they detect discrepancies between the declaration and the actual content. The physical examination conducted is not a 100 percent intrusive search as compared to the

	red channel because the level of discrepancy between the declaration and the outcome of the image analyst is low.
Red Channel Containers	Red containers are marked for physical examination. Although they would go through the scanner for data to be collected on the consignment. Red channel containers are mostly heterogeneous goods such as second-hand goods, food products, and equipment. The risk selectivity analysis may classify a container as Red, where the scan images are different from the consignment, the nature of goods, and trader's history.
Blue Channel Containers	The Blue channel is where rare privileges are given to traders who have private warehouses or uses Custom Bonded Warehouses. Under this channel, the containers are allowed to clear, and a post-clearance audit is conducted at the warehouse by GRA. There is also tracking of the consignment to ensure that the goods are not diverted to the market. These cargo types are allowed to clear with minimal examination, and a follow-up is conducted at the factory premise or warehouse of the importer. Goods such as clinker and rice may be allowed to go through this channel. The details of the audit is updated on the ICUMS.

Source: Author's construct based on source interviewsWhile the integrity issues are glaring, the band classifications has contributed to avoiding intrusive search on all containers, which resulted in improved turnaround time.

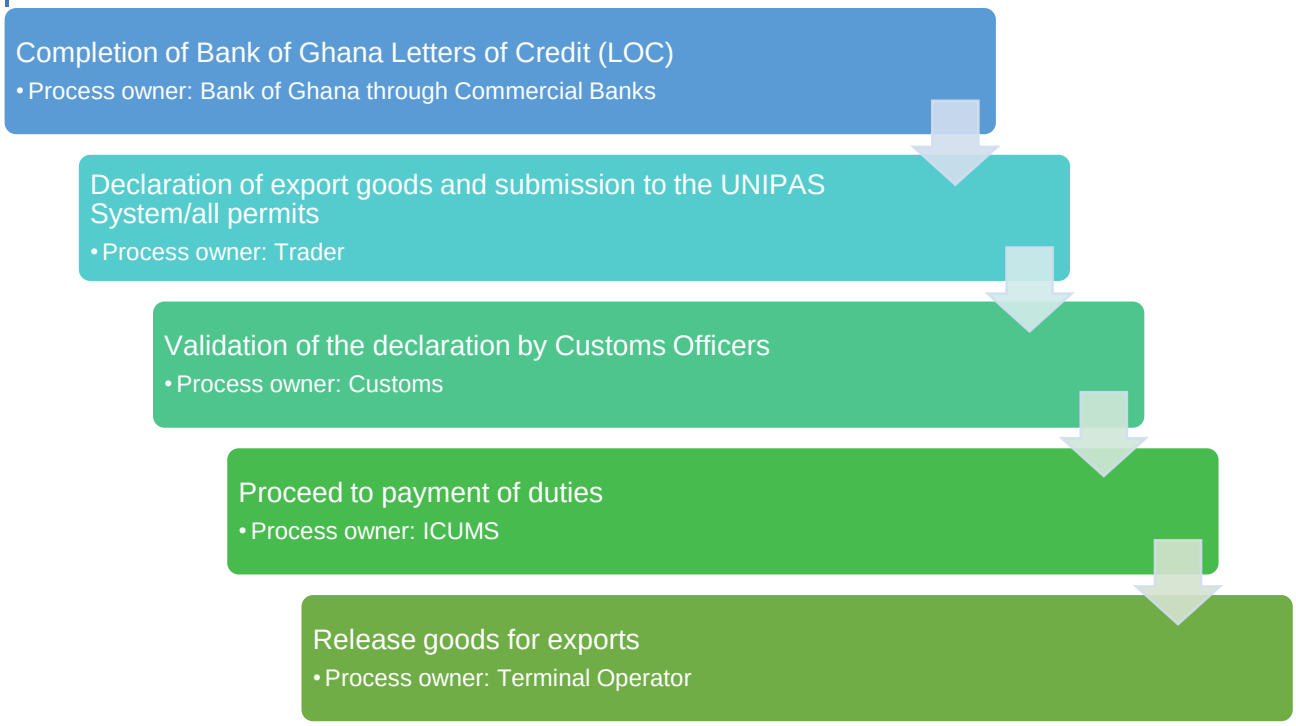
4.4 Export Clearance Processes

The export clearance process appears to be simple and not cumbersome (Figure 8). The exporter would need to get a Letter of Credit (LOC) from the bank. This is a requirement of the Bank of Ghana to ensure that all the export proceeds would be remitted to Ghana. With the introduction of the single window, if the exporter fails to secure an LOC, they would be blocked out of the system and cannot export unless there is an intervention from the bankers. This normally would happen when the estimated proceeds of the previous transaction have not been transferred to Ghana.

The exporter proceeds to acquire certification, permits and register with the right regulatory agencies. For example, the exporter must be registered with GEPA, and GCCI for Certificate of Origin. In some instances, GSA would have to certify the goods at the export point, especially for products like fish and other agricultural products destined for the EU. After completing the permits and obtaining the LOC, the exporter proceeds to submit a declaration to the ICUMS platform. The containers would go through scanning and physical examination for Customs to validate the declaration and ensure that the goods are admissible for exports. The exporter proceeds to pay the appropriate duties, and the goods are prepared to be cleared for exports.

Figure 9 Illustration of Exports Clearance Process

Causes of Delays in Port Clearance and High Handling Charges at Tema Port



Source: Authors' construct

4.5 Impact of the Paperless System and Other Modernisation Initiatives at the Port

Cargo traffic, containerised traffic and overall trade has responded to the modernisation initiatives at the Port. The outcome of these various modernisation programmes and initiatives at the Tema Port can be assessed through several indicators.

- **Firstly, the growth in performance, measured by increased cargo throughput and vessel calls, could be explained by the modernisation and improvements that have seen the Tema Port acquire more business.** Since 2010, container traffic cargo throughput at the Tema Port has increased from 590,147 TEU in 2010 to 1,000,926 TEU in 2019, representing a compounded annual growth rate (CAGR) of 6% over the period. The Tema Port is the biggest collection point followed by the Kotoka International Airport, Takoradi, Elubo and Aflao, Hamle, Paga, and other smaller ones scattered across the country.
- **Secondly, the integration of the systems, particularly the GNSW implemented by WestBlue Consulting Limited, has reduced the opportunities for physical inspections from previously sixteen (16) plus agencies to three (3).** In addition, a further 60% of goods are reportedly cleared within 48-72 hours, as of 2018-2019. The reduction of the port inspection agencies means that importers, exporters, or their agents, using their Unique Consignment Codes (UCR), can apply for permits on imports from regulatory agencies such as the FDA, Vestiary Services, Ghana Standards Authority (GSA) and other state bodies without having to physically meet them.[45] A key informant adds that:

> "Since the implementation of the GNSW platform, the time taken to clear goods at the Port has reduced drastically. It has minimised the human interaction that results in manipulation, negotiations between traders and officers, any form of corruption. The MPS Terminal 3 has also introduced modern processes to clearing containerised cargo. Currently, each of the

[45] https://www.graphic.com.gh/news/politics/ghana-news-mps-refunds-payments-on-unopened-red-containers.html

scanners in the MPS Terminal can scan 100 containers in an hour."- Source 10.

- **Thirdly, information provided by the Customs Division of GRA also indicates that the introduction of National Integration Risk Management System (NIRMS) had reduced the mandatory inspection from a hitherto 100% to 59%, while also abolishing the Customs "Long Room", as of 2018.**[46] For example, clearing agents for transit goods were previously required to physically submit payment receipts covering "Transit Bond Risk" to the Compliance officer whose name is on the Declaration at the Customs Long Room, creating an avenue for bribery and corruption.[47]

Despite the above progress, the Port continues to face congestion challenges, leading to delays in clearing goods and services. While the ICUMS procedure suggests a seamless flow of information and transaction at the Port, its impact on port congestion has been minimal due to factors such as regulatory incoherence, intrusive search by Customs, lack of technology to manage bulk cargo. T**he Tema Port still lags on efficiency and effectiveness when benchmarked to other ports.** Effectiveness in this context measures the quality of service rendered to port users and efficiency relates to the how well the resources available at the Port are utilised. The Tema port has been marked by relatively low performance against efficiency standards such as ship turnaround time and cargo dwell time.[48]

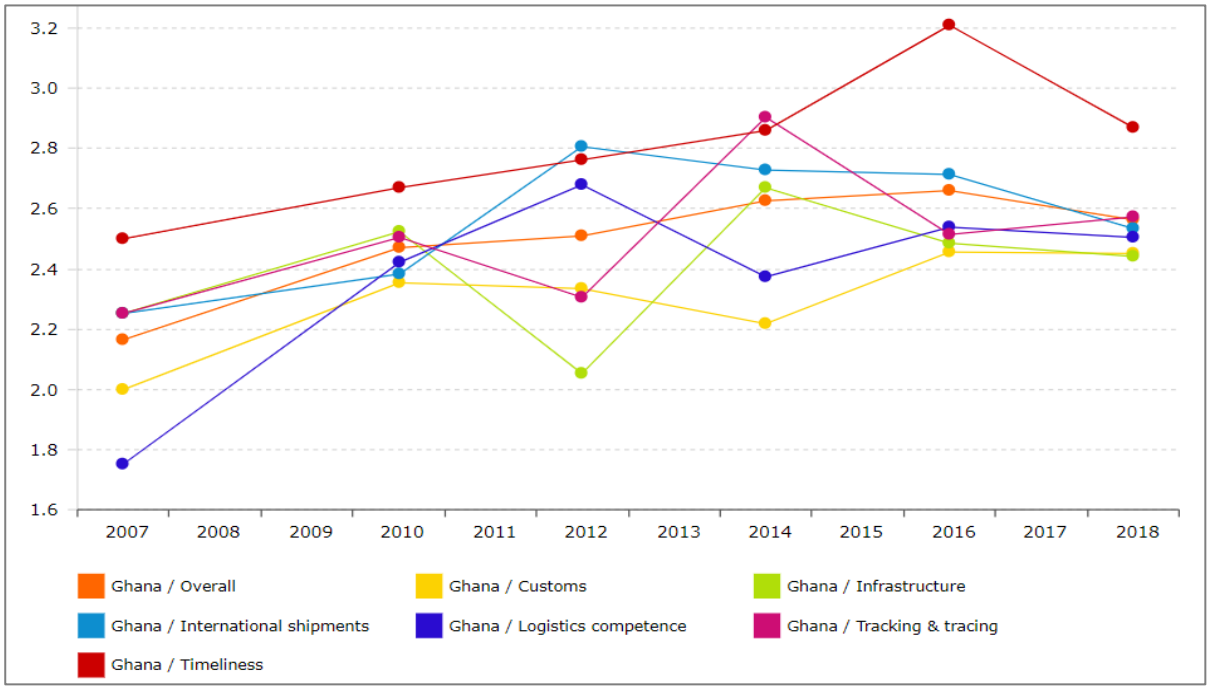
In 2019, the median number of days non-containerized vessels stay at the Port in Ghana was between 4-5 days, while South Africa recorded approximately 2 days. Despite this, MPS, the firm that operates two out of the 12 berths at the Tema Port in the Jubilee Container Terminal, has demonstrated some success in improving their operations and made efficiency gains as compared to the GPHA by recording a median time spent at Port of between 1-2 days. This is similar to the current performance of South Africa for containerized cargo. **Also in 2019, the Ghana Shippers Authority's half-year report indicated a cargo dwell time of 10 days for containerised cargo (managed by MPS) and 22 days for bulk cargo at the Tema Port, and an overall average of 14 days.**[49] Cargo dwell time, which measures the time it takes cargo to leave the Port, is a key indicator of port efficiency in terms of transportation duration and cost.[50] In contrast, the Port of Mombasa reported a cargo dwell time of 4 days[51] in 2021 while the Durban Port in South Africa recorded a dwell time of 4 days[52]. While long cargo dwell times affect consumers and business competitiveness, the congestion creates incentives for port authorities and private terminal managers interested in storage facilities to increase storage fees or engage in other illegal or unethical activities, increasing the cost to importers. Additionally, the delays and disruptions to supply chains could incentivise importers to collude with port authorities, customs officials, and private terminal owners to compromise on the implementation of port regulations. Thus, overemphasising the technical (infrastructural) challenges as the cause of delays at the Port risks overlooking the political and economic incentives that keep perpetuating the problem.

Also, the 2018 World Bank Aggregate International Logistics Performance Index (another indicator) ranks **Ghana 101 out of 167 countries with a mean score of 2.60 out of 5 (in the third quintile) despite year-on-year improvement since 2007.** In contrast, South Africa's score is 3.51 and ranks 29.[53] Ghana's

[46] https://www.facebook.com/Ghanatradehub/photos/a.373940739483571/787948934749414
[47] https://shippers.org.gh/index.php/import-clearance-process-seaports/
[48] IMANI's 'Efficiency' Report on Operations at Ghana's Tema Sea Port; More Needs Doing - IMANI (imaniafrica.org)
[49] https://shippers.org.gh/wp-content/uploads/2020/05/2019-Report-inside-Final.pdf
[50] Arvis J.F., Raballand G., & Marteau J.F. (2010). The Cost of Being Landlocked: Logistics Costs and Supply Chain Reliability. Washington, DC: World Bank.
[51] CARGO dwell time at Mombasa port lessened to 4 days | Business News Africa (financialfortunemedia.com)
[52] No time to dwell - MarineTraffic Blog
[53] *LPI2018.pdf (worldbank.org)

scores are relatively weaker on indicators such as **customs, infrastructure, logistic quality, and competence, tracking and tracing, and timeliness (Figure 10)**. Moreover, the **2019 Global Competitiveness Index ranked Ghana 114 out of 141 countries on the efficiency of seaport sub-indicator with a score of 3.1 out of 7, while Kenya and South Africa were ranked 66th and 50th** with a score of 4.2 and 4.5 respectively, indicating relatively higher seaport efficiency.[54] Finally, the 2019 Business Climate Report survey by the UK-Ghana Chamber of Commerce found delays in importing and exporting as a key non-tariff barrier to trade in Ghana.[55]

Figure 10: Ghana Logistics Performance Index (LPI)



Source: World Bank (2018)

The factors causing delays are discussed next.

4.6 Causes of Delays and Congestion at the Port

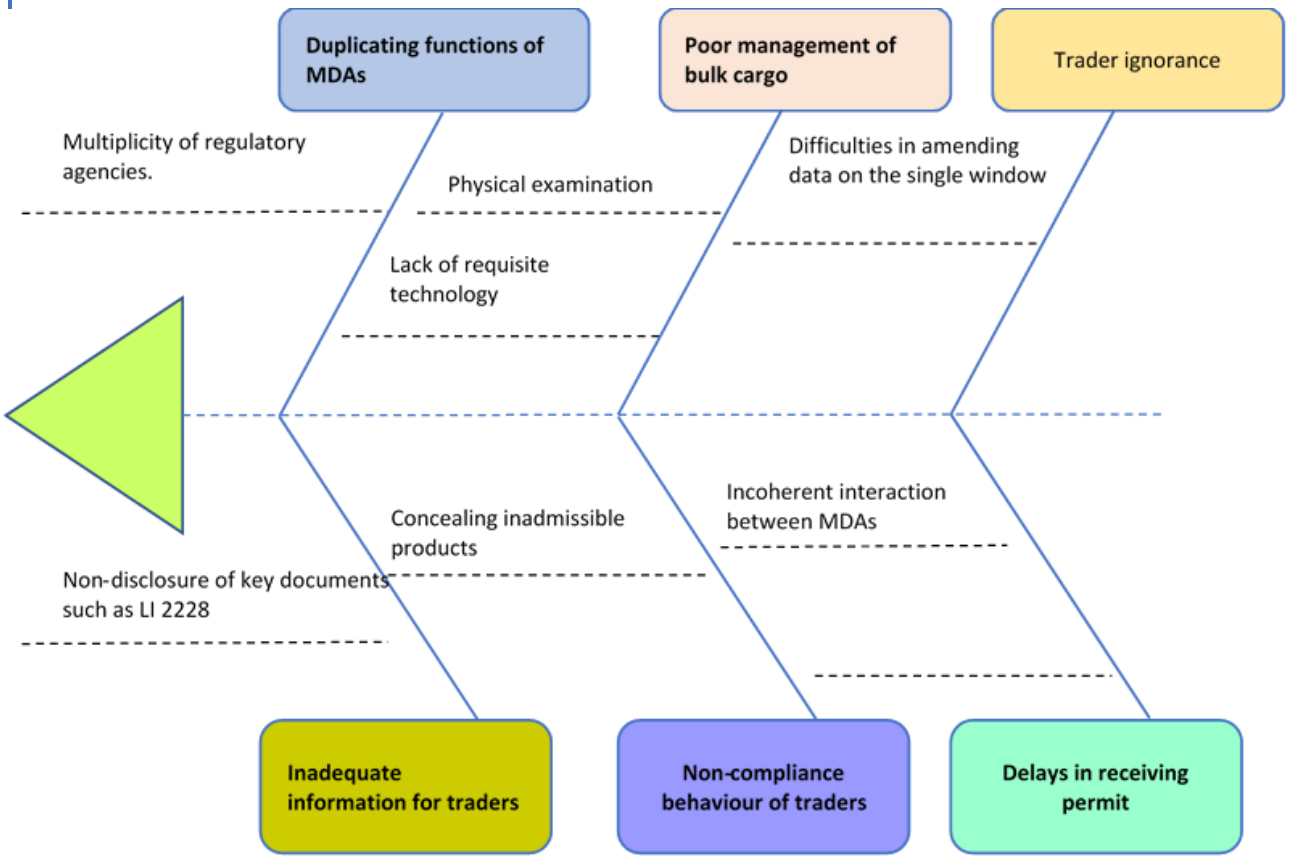
Several factors continue to cause delays at the Tema Port, emanating from technological, institutional, political, and trader compliance. These are outlined in the Fishbone diagram in Figure 10 and explained below.

Figure 11 Fishbone Analysis of the Causes of Delays at the Tema Port

[54] WEF_TheGlobalCompetitivenessReport2019.pdf (weforum.org)

[55] Business Climate Report Launch. - UK-Ghana Chamber of Commerce (ukgcc.com.gh)

Causes of Delays in Port Clearance and High Handling Charges at Tema Port



Source: Authors' construct

The causes of delay at the Tema Port can be grouped under three main themes, namely: Technological, Institutional, and Trader Ignorance. These issues discussed in-depth below.

4.6.1 Technological

One of the major factors accounting for delays and congestion at the Port is the lack of modern technology to manage bulk cargo. As indicated earlier, MPS manages only containerised cargo, and bulk cargo goes directly to the Golden Jubilee and Tema Bonded Terminal[56]. Over the years, the berths and wharfs handling bulk cargo have not undergone significant infrastructural development. As a result, the efficiency of handling bulk and non-containerised cargo is low. In 2019, the median number of days non-containerised vessels stay at the Port in Ghana was between 4-5 days, while South Africa recorded approximately 2 days[57]. Thus, the efficiency in handling non-containerised could make South African businesses more competitive than Ghana.

Furthermore, the Customs Officer conduct physical examination of bulk cargo due to the absence of appropriate technology to scan bulk cargo. To reduce port congestion due to the volumes of bulk cargo, Customs may clear the goods to be released after search, and regulatory inspection conducted on a later date agreed with regulator. The lack of coherence between regulatory agencies and Customs affects the trader's ability to deal with all issues of inspection at the point of arrival. For example, a GSA personnel must inspect and certify goods under their regulations, however, the absence of a well-structured communication between Customs and GSA may result in GSA been notified late to conduct inspections. In that case, the goods would have to be cleared, and the trader complete the outstanding regulatory activities in the warehouse. This affect the trader to complete all the required process within

[56] Source 9.
[57] Beyond 20/20 WDS - Table view - Port call and performance statistics: time spent in ports, vessel age and size, annual (unctad.org)

a specific time period. This may lead to warehouse cost arising out of delays in receiving regulatory permits on time.

The ***2020 World Bank Doing Business Report*** found that it takes 28-hours to inspect goods by Customs and 44-hours for other agencies to inspect goods and clear for export compared to 11-hours and 4.5-hours in Kenya.[58] In the import clearance procedure, Ghana recorded 30-hours of inspection by Customs, Kenya recorded 84-hours, and South Africa recorded 6-hours[59]. These could partly be attributed to the low improvement in the infrastructure of stevedoring companies involved in loading and unloading the cargo for these activities to be completed. In most modern ports, stevedoring activities employ the use of conveyor belts to facilitates the movement of between the berth and terminals. We found that the stevedoring companies that undertake handling activities, undertake minimal investment, and the issuance of stevedoring license is highly political. There is also a lack of consistency in how the stevedoring companies operate at the Port. As a result, companies have failed to invest in technology to enhance efficiency. When political parties change, stevedoring companies are reshuffled. The political parties issue stevedoring licenses to individuals and firms affiliated to them.

Ghana recorded a port and border handling of 60-hours for import and export clearance, while Kenya recorded 2-hours for exports and 38-hours for imports in 2020 Doing Business Ranking[60]. These sources reflect the delays traders are likely to face at the Port and corroborate this study's findings that poor handling of bulk cargo leads to delays in the clearance process. A key informant adds that:

> "The challenge is the lack of technology on the inspection platforms, and as a result, officials revert to the use of discretion to determine the quality of goods, while such activities could be completed on time by using technology. Secondly, the many berth/wharfs owned by the GPHA have not been developed for a very long time. The quality of loading and offloading bulk cargo is very poor…The obvious truth is that stevedoring companies change as government's change. The stevedoring companies undertake no investment in the Port or on the platforms where they operate. The stevedoring companies only have dock labour workers and other simple tools and equipment. The activities performed by the stevedoring companies could easily be done using a conveyor belts and Ghana will be a hub for bulk cargo within the Sub-region."- Source 1

4.6.2 Institutional

Duplication of functions by regulatory agencies is another major challenge at the Port. In 2018, a study by USAID counted about 20 regulatory agencies involved in the clearance process at the Tema Port[61]. By the very design of the laws establishing these agencies, it appears every agency with the oversight responsibility over a value chain could lobby for inclusion in port operations. For example, the FDA is the mandated agency to issue permits for medical devices, pharmaceutical goods for human and animal consumption, packaged foods, cosmetics, and household cleaning items. The law

[58] Rankings (doingbusiness.org)
[59] Doing Business
[60] Doing Business in Ghana - World Bank Group
[61] USAID. (2017). World Trade Organization's Trade Facilitation Agreement. Article 6- Analysis of Ghana's Discipline on Fees and Charges.

that established the Ghana Standard Authority (GSA) mandates the agency to issue permits for the clearance of food and agriculture, drugs, cosmetics, and material science products.

Role ambiguities result in these agencies certifying the same goods more than once. For example, in the meat value chain, the laws mandate the FDA and Veterinary Service Division (VSD) to inspect and certify meat. The FDA issues certification on the cold storage, VSD issues another certificate on the product, and GSA must also inspect the meat for food safety and ensure cold chain maintenance. This raises questions about the differences between the certificate of safety issued by VSD and GSA. In recent times, the FDA is advocating for the agency to certify fresh and packaged foods on the grounds that the Plant Protection and Regulatory Service Division does not have the legal mandate for food safety. Duplication of efforts does not only affect cost, but negatively impacts port efficiency. A key informant adds that:

> "I can say duplicating functions of the port agencies is one of the reasons for the delays at the Port. For example, the FDA is the main agency for providing certification for food and drugs related items at the Port. However, we have a case where GSA will also ask importers to register with them after engaging the FDA. These agencies take charges for the service they render. The duplicating functions then leads to delay in clearing the container."- Source 3

Our analysis also indicates that the regulatory agencies present at the inspection platform of the Port, perform regulatory functions based on the law not on a risk selectivity analysis. We found that agencies such as the FDA, GSA, and PPRSD conduct inspections on the platforms despite registration of the products and certificates obtained. For example, the PPRSD inspects goods imported even after the trader has presented permits, sanitary, and phyto-sanitary certification. The GSA after certifying and providing license for a facility to produce certain goods for export to the EU and conducting inspection of the facility on an ongoing basis, traders must still apply for certificates at the time of export.

Importantly, imports and exports are subjected to inspection (scanning), document review, and physical inspection by Customs and other regulatory agencies. It is surprising to note that there are no publicly available reports on the multiple layers of institutional inspection effectiveness. The implication of this approach is palpably visible: that is, avoidable delays in the clearance and congestion at the Port. In instances where regulatory inspection creates delays in clearing goods, Customs is compelled to release the consignment, and later the trader will go and follow-up on the regulatory issues.[62] This suggests that the extent in multiplicity of agencies at the Port can result in avoidable delays at the port.

Some of the agencies like FDA and GSA have been integrated into the ICUMS platform. However, some aspects of their certification are paper-based, and trader registration and fee charges for PPRSD is manual. **This suggests that the Port appears to be operating fully paperless; nonetheless, the activities of other agencies other than Customs conduct activities manually**. This leads to longer clearance of goods. One key informant adds that:

> "I think there are too many agencies at the Port. I don't know why every agency see the Port as a safe haven [to make money]. I understand it has political dimensions, and agencies lobby to be at the Port not necessarily to support quality assurance but to raise money. Customs take standards from these agencies to ascertain the admissibility of goods entering the

[62] Source 10.

> country, so I don't know why these agencies must again be on the platform for inspection. I think some of the inspections could be done by the Customs Chemist and Laboratory Experts so that the agencies work will be limited to risk selectivity"- Source 10.

While the government is prioritising port expansion to increase cargo traffic and enhance efficiency, it is important to resolve the regulatory bottlenecks that can potentially wipe out the expected efficiency gains at the Tema Port.

4.6.3 Trader ignorance

Trader ignorance of the import and export clearance process was identified as a cause of delays at the Tema Port. Delays at the Port is partly attributed to the lack of information and ignorance of some importers, particularly new clearing agents. The study found instances where clearing agents of traders lack adequate knowledge of the single window platform and could not utilise it effectively to enhance the clearing of goods. There were instances where some traders would wait until the cargo arrives before commencing the pre-arrival activities, permits and payment of appropriate duties. With the bill of laden, traders can log on to the ICUMS platform to generate a bill of entry and begin the pre-arrival activities and proceed to pay the relevant Custom duty. The associations also reported occasions where new agents make mistakes when using the platform; correcting errors means having to go back and provide the right information and meet the associated regulatory requirements.

This could prolong the clearing processes. Key informants added that the system is not designed to easily correct errors, and as a result, traders would have to go through the process from the beginning to make any amendment. The study also identified that deliberate non-compliance behaviours by traders also contributed to delays at the Port. The study found incidences where traders deliberately conceal inadmissible goods in their consignment, and when it is identified during physical examination, the whole consignment must be 'unstuffed', leading to delays in clearing goods. For example, there were instances where a trader declared that they were exporting cashew nuts but had concealed metal scraps in four out of the fifty containers. An agent, and security officer, added that:

> "Also, agents as a result of lack of capacity cause delays at the Port due to wrong information on forms and the existing system does not make it possible to correct errors or make a U-turn. These translate into cost because the cargo would stay beyond estimated timelines."-Source 3

> "I have personally encountered situations where traders deliberately ignore the rules guiding the goods they intend to clear. When we detect such things the trader will be delayed at the Port. The longer they stay, it contributes to congestion at the Port. For example, I was part of a team that intercepted 50containers declared to be cashew nut but after thorough examination, the trader had concealed steel scraps in four of the containers. They know export of scraps is banned but they intentionally do that. We had to detain the container for several days at the box. These contributes to congestion at the Port."-Source 10

The lack of knowledge on the part of traders could partly be attributed to the inadequate information available to guide traders. For example, the Ministry of Finance publishes the approved fees and charges as mandated by the LI 2228. However, at the time of this study, the LI 2228 was not available on the Ministry's website[63].

[63] Acts & Policies | Ministry of Finance | Ghana (mofep.gov.gh) [Accessed 20-03-2021, 03:34GMT]

> "On the issue of delays at the Port, I think sometimes some of the importers do not have information about the pre-clearing activities. As a result, they wait till the container arrives before initiating the clearing processes. This can result in delays when there are issues raised in the clearing process."- Source 3

Notwithstanding integration of regulatory agencies on the platform, some payment continues outside the platform, and such MDAs do not inform the traders about changes in fees and charges. Traders dealing with agencies yet to be integrated on the platform get to know of changes in fees and charges when they are renewing license, permit or at the time of clearance. Information asymmetry leading to errors on the part of traders could be damaging for those in the perishable economic value chains, where longer clearance process may affect the value of the product.

Challenges associated with raising finances for paying Customs duty and other charges contribute to delays at the Tema Port. Key informants reported that congestion at the Port can be attributed to the challenges traders face to raise finance for clearing their goods. The study found instances where the consignment has arrived, but the trader is not available for clear the goods. Until the trader fails to clear the goods in seven days as specified by the Customs Act 2015, Act 891, the goods cannot be deposited in the Customs Warehouse, leading to congestion at the ports. . At the time of the study, the free days for clearing was 14-21 days, after which the goods could be separated, processed, and gazetted as uncleared cargo. This could lead to delays since the Tema Port does not have a large storage capacity. It becomes difficult for Customs to offload other vessels because they may not find space to keep the new arrivals. We also found instances where traders colluded with security personnel at the storage and used it as warehouse.

This tends to limit the space available to clear the cargo, resulting in delaying other traders. When the trader is not available, Customs and regulatory agencies cannot open the consignment to conduct an inspection. This also contributes to delaying other traders. In 2013, the Destination Inspection Companies complained that delays by clearing agents were contributing to congestion at the Tema Port.[64] A key informant added that:

> "One of the factors I observed led to congestion and delays at the Port is the delays by clearing agents. Most of them attribute it to lack of funds to pay the duty and other charges. You know that Customs cannot open any container when the trader is not available. So what happens is that when the storage is full, it becomes a challenge to offloading other vessels. When the box (a place where containers are packed) is full, you would have to prepare those that have exceeded the free days for confiscation. This could contribute to the delays traders' experience."- Source 10

The above factors if unresolved, can culminate in sea-freight inefficiency and delays in freight movement, leading to high cargo dwell time and vessel turnaround time, which are significant indicators of port efficiency. This could potentially affect the integration of Ghanaian businesses into demand-driven global supply chains.

4.7 Irregular Application of Regulations at the Port

Governance and management of the Tema Port is characterised by overconcentration of power in the Executive. The Executive controls all the major decision-making agencies at the Port, and over the years, the agencies have been subject to political interference irrespective of the government in power. The Tema Port's main stakeholders are the Ministry of Transport, Ministry of Finance, Ghana Port

[64] Clearing agents cause congestion at Tema Port - Graphic Online

and Harbour Authority, Ghana Maritime Authority, and the Ghana Shippers Authority. The Presidency appoints the top management of all these agencies through the various sector ministers. For example, the President appoints the Minister for Transport, who then appoints the Board Chairman of GPHA. In consultation with the board and the President's approval, the board chairman will appoint the Port's Director General. This form of political settlement and governance structures facilitates direct interference of the Presidency and other politically connected people in the Port's decision-making. As a result, the Port is characterised by clientelism and patronage distribution of rewards and opportunities to political elites and transnational business partners.

Traders leverage their political connections to perpetuate illegal activities that violate existing regulations at the Port. The study identified traders with high political connection involved in misclassification of consignment, under-declaration, fake invoicing, and preference for particular terminals and scanners. The investigation revealed that some politically connected traders were able to misclassify the goods declared on the declaration form, but no Customs Offence Report were issued to these persons. The study found a member of the Council of State in the Western Region who is heavily involved in importing frozen chicken, but constantly declares it as mackerel to pay low duties. The study found instances where the customs images do not match the consignment, but no official can request for physical examination. While the risk selectivity analysis facilitates the identification high-risk consignment and which containers needs to be opened, the study found that the system could be compromised depending on the trader you are dealing with. A key informant added that;

> "The manipulation by the politically connected persons goes beyond the bulk cargo. Even at the MPS platform we know that sometimes what the information is put on the risk selectivity does not make sense depending on who you know from the Customs side doing the risk selectivity…There was this woman importing poultry products, La Bianca. She serves on the council of state from the Western Region. She claims she is importing mackerel but you clearly know that the country she is bringing the mackerel from is not a mackerel producing country, actually she is bringing chicken into the country. She will declare as mackerel, they do changes in the manifest to mackerel." - Source 8

Additionally, the study finds that politically connected traders are able to influence GPHA and determined the terminals, container in-land depots, and bonded warehouses that their consignments should be allocated; this privilege is not available to any 'ordinary' traders. The study found that certain types of traders preferred terminals and bonded warehouses for their consignment to be allocated to. This facilitated the movement of goods out of the Port without appropriate duties paid. Key informants reported instances where goods scheduled for bonded warehouses had found their way to the market, and investigations revealed that Customs Officers at these warehouses were complicit in the transaction. A key informant explained that;

> "One of the challenges I have identified with the in-land container depots is that it facilitates the movement of items from the Port, while duties are unpaid and these items could be accessed. In these landed docks, monitoring and inspection of items are left to human discretion. One of the risk is that some of these items could be high value such as vaccines, meat, pharmaceuticals, and they require proper inspection before moving them to the in-land container depots."- Source 1

A key informant[65] involved in one of such investigations reported that there was a particular warehouse where inventory was not updated, but goods were always being cleared for that particular private bonded warehouse. Warehouses have fixed capacity, and that for no official inventory reporting, it suggests that the goods being cleared for the warehouse were all directed to the market without appropriate duties paid. The informant reported one of the private bonded warehouse where the officer on duty had given his key to the owners of the warehouse, and this is illegal. It was later found that the wife of the officer is a key wholesaler of the warehouse goods in the market.

The same irregular application of the rules were also identified among some rice importers. The study found that some importers falsify the manifest to show that the rice being imported is high quality to pay low duty. However, the risk selectivity analysis report is also showing the contrary. These activities do not happen behind closed doors, they happen in the full glare of officers but they cannot do anything because they are politically connected. A key informant added that;

> "We have raised issues severally; my automated tool has calculated the volume of rice. The person said it was 100% broken but I knew it was just about 5% broken and the originating country doesn't produce that high quality rice. The officers can see it clearly, but no one can stop it."- Source 8

The irregular application of rules at the Port negatively affects traders from countries with strict anti-corruption regulatory requirements that make it impossible for them to falsify manifest and other key documents. This affects their ability to effectively compete with traders with political connections who do not pay the full clearance cost.

[65] Source 8

5 High Handling Charges at the Tema Port

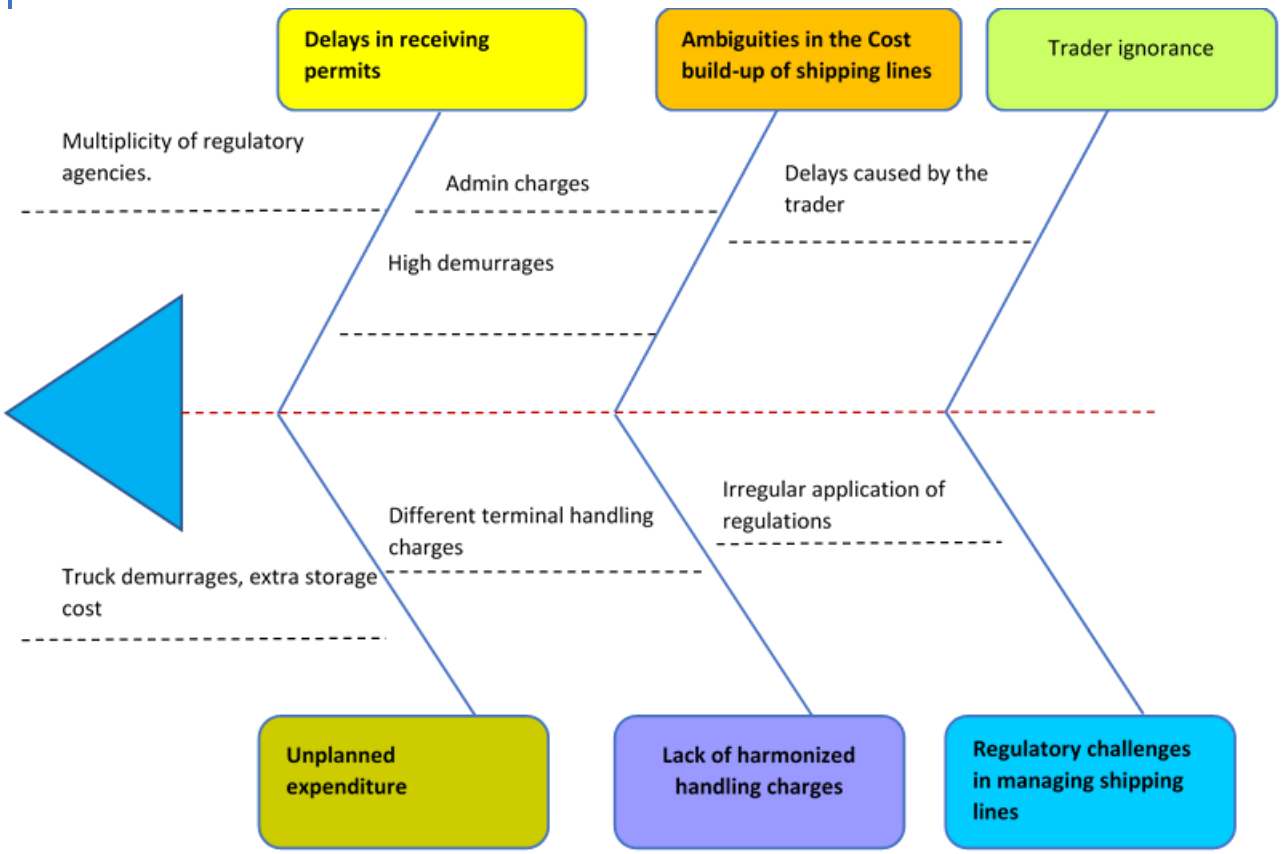
Terminal handling charges are fees charged by shipping lines to cover the cost of moving the cargo/container within the Terminal to the vessel or offloading the cargo from the vessel, within the Terminal and storage.[66] Effectively they represent charges to the shipper at the Port of origin and the shipping company at the destination port. They are different from the cost of freight because they are secondary activities undertaken by the shipping line. Essentially, they represent additional cost incurred in moving the container. Terminal handling charges have become a key cost component for traders with the advent of containerisation of goods. In the past, terminal handling charges by stevedoring companies were included in the sea freight. However, several port authorities have implemented regulations that decouple terminal handling charges from sea freight to guarantee transparency.[67]

The root causes of high handling charges at the Tema Port are illustrated in Figure 11 below and discussed.

Figure 12 Causes of High Handling Charges at the Port

[66]European Commission.(2009). Terminal Handling Charges before and after the Liner Conference Era. Terminal handling charges during and after the liner conference era (europa.eu)
[67] Ibid

Causes of Delays in Port Clearance and High Handling Charges at Tema Port



Source: Author's construct

Over the years, high terminal handling charges have always been a contentious issue between terminal operators and traders at the Tema Port. GPHA is the agency authorised to set terminal operators and handling charges. As of 2018, there were about ten stevedoring companies at the Tema Port. Importers and exporters have criticised port authorities for the arbitrary increase in handling charges and have challenged the method of computing terminal handling charges[68]. In 2019, MPS demanded an 11% increase in the handling charges to meet the cost of managing the Terminal 3 facility effectively[69]. However, the persistent calls to the Ministry of Transport by the trading community lead to the Minister directing the GPHA and MPS to maintain the old tariffs.[70]

5.1 Inconsistent exchange rates

Inconsistent exchange rate application was identified as a key driver of high handling charges at the Tema Port. The shipping lines, stevedoring companies, and terminal operators provide local services. However, most terminal operators and stevedoring companies indexed their charges to the US dollar, leading to high cost to traders taking cognisance of the Ghana Cedi's depreciation against the US dollar. Key informants reported instances where the exchange rate by the terminal operators did not reflect the market price of the dollar but applied a fixed exchange rate. A key informant explained that:

> "I think one of the issues that needs to be critically looked at is the handling charges terminal operators and stevedoring companies charge traders. Sometimes I wonder whether they are competing with Customs. I think the

[68] Fees by Service Providers at the Port are exorbitant – GUTA (ghanaweb.com)
[69] MPS wants Tema Port tariff up by 10.9% | Business (classfmonline.com)
[70] Ministry directs GPHA, MPS to retain current port charges - Graphic Online

> charges are very high and could lead to high cost of trade and affect overall competitiveness of the Tema Port."- Source 10

> "Another factor accounting for the high handling charges is the currency depreciation and how the shipping lines apply the exchange rates. While the market price of the dollar is GHC 5.76 today 02/02/2021, some of the shipping companies use a fixed rate of about GHC7.00 to $1.00. This tend to increase the cost of handling at the Port. I think we need to carefully undertake a study of Port handling charges within the sub-region and advocate for any form of reduction."-Source 4

The study found that some of the shipping lines, terminal operators and stevedoring companies use these practices to generate more revenue to cover their domestic administrative cost either than sea freight. Just like any other charges, Article 6 of the WTO FTA prescribes that all forms of charges by agencies must focus on the cost of service rendered and not for fiscal purposes. However, we found that some of the shipping lines and terminal operators charged traders for paper-work, administrative charges, and other unrelated fees vis-à-vis the service provided.

5.2 Ambiguities in the cost build-up of the handling charges

Ambiguities in the cost build-up of the handling charges of shipping lines also account for the high handling cost at the Port. Another challenge traders encountered, is the lack of clarity with the distinction between sea freight and terminal handling administrative charges. Traders argued that administrative cost is covered under freight, but the shipping lines continue to charge administrative charges as part of terminal handling charges. Key informants explained that;:

> "What I find debatable is the inclusion of administrative charges to the local handling fee. I know that administrative charges are covered under the freight, but the administrative charges have been sitting in the books for a long time and no one seems to talk about it. I don't know if the administrative charges is the pen, paper and the printing cost. The handling charges comprise of administrative fees, paper-work, equipment cost, and sometimes they introduce surcharges such as security fees, container cleaning fees. For example, they can charge cleaning fees even if the container is clean without any leakages or spillage."- Source 3 & 4.

Aside from the administrative charges, another cost component that respondents argued as ambiguous is the container release fees. This is a fee charged by the shipping lines and terminal operators to release the container from the vessel to the terminals. Respondents argued that container release is incorporated in the sea freight cost, and it was unclear the reasons for paying for container release fees before they can move the container to the box. Container release fees are different from the stevedoring charge for moving the container from the vessel to the Terminal. It is also unclear whether the container release fees were charged based on volume or the number of containers. These tend to inflate the handling charges traders pay at the Port. Also, container cleaning fees remains another contentious charge traders have had to battle shipping lines. Traders are charged container cleaning fees as a maintenance charge for the containers and guarantee the availability of containers. A review of the 2018 Port Handling Charges and Fees by the GPHA revealed that the cost of cleaning

a container was GHC38, and where there are spillages, an additional charge of GHC50.22[71] was levied on the Port. Essentially, the larger a consignment, the more cleaning fees a trader would pay.

Container detention fees have also generated some controversies between traders and the shipping lines. The container detention fees is a deposit that traders pay as a guarantee that they will return the containers. The container detention fee levied per container and refundable upon return of the container. However, the study found delays in receiving the refund. Big players are more likely to pay higher handling charges. Key informants added that:

> "As part of one of my investigations, I found out that some of traders had to wait for more than 10days after returning the container before they received the refund. I also found out that some of the shipping lines used the container detention fee as working capital."-Source 9.

5.3 Lack of harmonisation of handling fees

Ambiguities in the cost build-up of handling charges also indicate a lack of harmonisation of handling fees for the shipping lines. The study found that for similar value chains the final handling charges were different for the shipping lines. The GPHA publishes standardised fees and charges for terminal handling cost. However, it appears that the shipping lines have cost items that tend to inflate the final handling charges. This could also be attributed to the regulatory challenges with shipping lines. We found that some traders are able to negotiate terminal handling charges with operators and stevedoring companies. This was very common with the value chains with formal associations that assist its members with the export and import clearance process. These associations tend to have particular shipping lines they work with, and thus they were able to negotiate for relatively cheaper handling cost. For example, the Sea-Freight Pineapple Exporters of Ghana (SPEG) has a special arrangement with Africa Express Line, which incorporates terminal handling charges in the sea freight, leading to lower cost of terminal handling fees to the exporter. This is a standardised arrangement for all members. The arrangement further provides two days free storage at the destination port for the shipper.

Furthermore, the study found out that traders with specialised terminals at the Port tend to pay less for handling charges compared to other traders using any available terminal. Specialised terminals have arrangements with stevedoring companies and provide relatively cheaper storage cost, which leads to lower handling charges for traders. In 2008, the government signed a Management Agreement with the Horticultural Exporters of Ghana (made up of different fruit exports) to provide Shed 9 for fruit exporters. With a World Bank Facility, the shed has been refurbished to a modern fruit terminal that is managed by the Fruit Terminal Company (an SPV of the fruit exporters). The SPV does not operate for profit, so the terminal charges are lower compared to the other terminals. Additionally, the Fruit Terminal Company has a special arrangement with Supermaritime Company Limited, a clearing company that provides stevedoring services to the Terminal. The Terminal has a storage refrigerator capacity of about 8,000 pallets and provides storage services to members. However, non-members or fruit exporters working with other terminals tend to pay a premium price for services.

5.4 Delays in receiving permits, trader ignorance, and non-compliant behaviours

Delays in receiving permits, trader ignorance, and non-compliant behaviours on the part of traders also contribute to delays at the Port, leading to increased handling charges. As indicated in the previous section, a number of the regulatory agencies at the Port have not been integrated into the

[71] 2018 Ghana Port Tariffs - 16-03-2018 (omagroup.com)

single window platform. As a result, traders have to go through manual processes to receive permits. This was particularly a challenge for goods that required inspection at the time of export and certification/permits before the goods can be cleared for the market. The time it takes traders to receive certification is not considered in the demurrage free days. Thus, any delays in receiving permits or certificates could translate to cost to the trader. A key informant added that;:

> "After the free demurrage periods, for everyday the container sits at the Port, it attracts demurrages, and demurrages are a component of domestic handling charges. Another dimension is where the importer is running around to get certification clearance from other agencies in the Port. Normally, importers find themselves in deep hole because by the time you get the permits or certificates, you would have incurred demurrages, which are included in domestic handling charges"- Source 3, Source 4.

Unplanned expenditure at the Port could potentially lead to high handling charges. Several unplanned activities can occur at the Port, resulting in high handling charges for the trader. For example, when a truck breaks down inside the Port, the number of days it stays in the Port is counted as a cost because sometimes one may have to offload the truck, and stevedoring companies will charge extra fees for offloading the truck. If the trader is unable to arrange for another truck, they would have to pay for extra storage days until they find an available truck. All of these affects the handling charges at the Port. Also, in the event where there are delays in clearing the goods from the Terminal, the truck drivers may charge for truck demurrage when they stay beyond the contracted days.

If unresolved, these factors could combine to affect the Tema Port's competitiveness, affecting the ability of traders to deliver goods to consumers and increase the overall cost of doing business in Ghana.

5.5 Case Study Illustration Using the Pineapple Value Chain

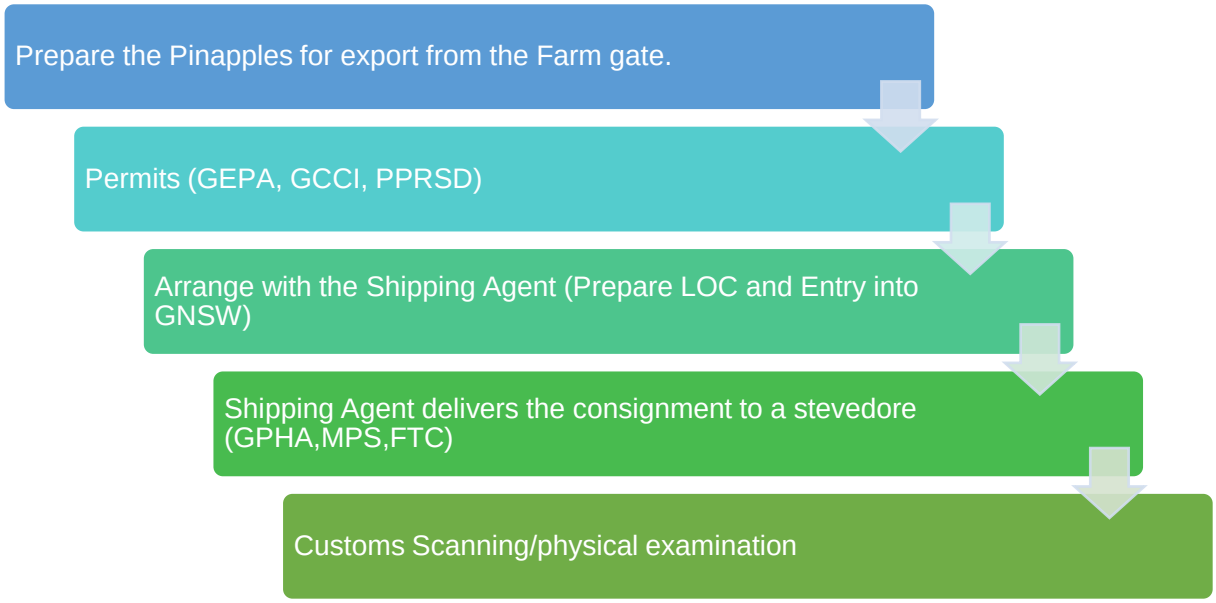
Pineapple is among the top-performing non-traditional exports in Ghana, and its major destination is Belgium. In 2019, pineapple exports contributed US$9.3 million to the US$430.33 million total non-traditional export earnings in 2019. The value chain was selected to understand the dynamics of dedicated terminals, and their implication on the handling charges. Non-traditional exports do not attract any tariff, and pineapples destined for the African Caribbean Markets attract zero tariffs. However, there are non-tariff costs that traders have to satisfy. These include the Certificate of Origin, registration with the Ghana Export Promotion Authority, Registration with the Plant Protection and Regulatory Service Authority to acquire the phytosanitary certificate, cost of entry in the single window platform (Figure 12).

Exporters who use the fruit terminal do not pay GPHA handling charges because of the Management Agreement between GoG, Fruit Terminal Company (FTC) and GPHA. In 2008, the government dedicated Shed 9 at the Tema Port for the export and handling of horticultural products. A World Bank Facility of US$5 million was acquired to refurbish the Terminal into a modern fruit terminal. The exporters were asked to form an SPV that will manage the Terminal to ensure that every charge which traders pay, are cost-reflective and incentivises exports. GPHA provides FTC with stevedoring license, which is renewable every year. FTC has an agreement with Supermaritime Company Limited to provide stevedoring services for a fee, using the FTC stevedoring license. Essentially, FTC pays GPHA an annual royalty of 15% for using the Terminal. The FTC has a dedicated berth, which implies that vessels can dock safely at all times when they arrive and need not join a queue. Thus, the timeliness of vessel is guaranteed at this Terminal. Due to this special arrangement, exporters using

FTC do not pay direct handling charges, but they are included in the sea freight arrangement with Africa Express Line. The average sea freight of pineapple cost £3,441 per 40 TEU with 2-days of free storage in the destination port (Table 7).

On the other hand, non-members of the horticultural exporters in Ghana who use other terminals at the Port and different shipping lines pay handling charges and the cost of electricity per 40 TEU. MPS charge approximately GHC 1,400 (£274) per 40 TEU, which includes only 3 days of electricity of GHC298 (£37.01) per day (Table 8). Delays in the arrival of the vessel and berth availability could result in more handling charges for the exporter. Transit time is very crucial for chilled cargo in order to preserve the pineapples. The exporter would have to pay extra cost of storage in case of delays. The sea freight is estimated at approximately £3,000 or lower. However, the safety of the consignment, transit time and proper storage cannot be guaranteed with different shipping lines.

Figure 13 Export clearance process for pineapple



Source: Authors' construct

Table 8 Cost of Clearing Pineapples for Export

Line Item	Using the FTC Terminal	Using MPS Terminals
Pros and Cons	• Dedicated berth • Timeliness of vessel is guaranteed	• Delays in the arrival of the vessel and berth availability could result in more handling charges • Transit time crucial for chilled cargo to preserve the pineapples. • Exporter pays extra cost of storage in case of delays.
Customs entry into the GNSW	GHS100 (£12) per entry	GHS100 (£12) per entry
Other agencies		
GEPA -Export Certificate	GHS200 (£25) per year	GHS200 (£25) per year
GCCI - Certificate of Origin	US$25 (GHS 145; £18)	US$25 (GHS 145; £18)

PPRSD - Phyto-Sanitary Certificate	GHS200 (£25) per container	GHS200 (£25) per container
Handling Charges	Sea freight £3,441 (GHS 27,707) per 40 TEU *NB: *includes 2-days of free storage at the destination port*	• Storage GHS1,400 (£174)* per 40 TEU • Sea Freight - £3,000 (GHS 24,156) per 40 TEU *NB: *storage includes only 3 days of electricity at GHS298 per day (£37.01)*
Total	**GHS 28,352 (£3,521)**	**GHS 26,201 (£3,254)**

Note: Exchange rate £1 = GHS 8.05 and £1 = USD1.39

The main causes of delays in this value chain we found are:

1. **Delays in the arrival of the vessel:** The chartered vessels go through Duala and Abidjan before berthing at Tema. There are instances where delays in other ports or weather conditions could lead to the vessel arriving late. Nonetheless, the FTC terminal has a refrigeration storage capacity of about 8000pallets. Thus, in case of delays exporters have free storage space. In other terminals, delays may result in extra cost of acquiring storage.
2. **Lack of dedicated scanners for the exports:** The study found that there are no dedicated scanners for exports. Exporters share the scanner at the Eastern Gate with importers and it runs on first-come-first-serve basis. However, non-traditional exports are giving priority during the scanning and physical examination. Key informants reported that some of the scanners don't work all the time. This leads to delays in clearing the container for on-boarding.
3. **Non-availability of Berths:** This challenge was prevalent among exporters who were not using the FTC terminal. The vessels birth based on availability of berth at the Port. However, the FTC terminal has a dedicated berth, so vessels dedicated for the Terminal do not join queues to search for berth.

6 Conclusions and Way Forward

The study sought to answer two main questions; ***What are the main causes of delays and high handling charges at the Tema?*** And ***what are the politically feasible recommendations to improving seaport efficiency and minimises delays and terminal handling cost at the Tema Port?***

We summarise our findings as follows:

1. **Regarding multiple agency fees at the Tema Port, we found that:**
    a. Several ministries, departments, and agencies (MDAs) operating at the Tema Port have imposed regulatory costs on imports and exports, which are being exploited as a key source of revenue generation for the government or given to the agencies who have been weaned off the government budget; it is less about facilitating trade. These charges have no connection with the process of clearing and releasing traded goods at the Port. For

example, The Ministry of Finance and Ministry of Trade and Industry charges are not linked to any clearance chain service provision.

b. The unpredictability of the timelines and methodologies for reviewing the fees and charges makes the review non-transparent, unilateral, and subject to abuse by the government. Additionally, access to the fees and charges document remains difficult for traders. At the time of conducting the study, the document was not published on the website of the Ministry of Finance, the authorised agency to publish the Fees and Charges Instrument as per LI 2228.
c. The multiplicity of quality assurance regimes by different government agencies at the Tema Port results in increased clearing costs for traders involved in multiple economic value chains, such as in the agricultural sector.
d. While export clearance attracts little charges compared to imports, the multiplicity of regulatory functions such as between The Ghana Standards Authority (GSA) and the Food and Drugs Authority (FDA), however, contributes to high export costs.

2. **Regarding congestion and delays at the Tema Port, we found that:**
    a. Several factors continue to cause delays at the Tema Port, emanating from technological, institutional, political, and trader compliance.
    b. We found out that the Port lacks modern technology to manage bulk cargo imports on the technological front. Hence, the efficiency of handling bulk and non-containerised cargo is low compared to peers such as South Africa. This is precipitated by the lack of investment in the berths and wharves for handling bulk cargo, even though private stevedoring companies handle such bulk cargo.
    c. Institutionally and by the very design of the laws establishing these agencies, it appears every agency with the oversight responsibility for a value chain is lobbying for inclusion in port operations. Role ambiguities result in these agencies certifying the same goods more than once. While some of the agencies like FDA and GSA have been integrated into the ICUMS platform, some aspects of their certification are still paper-based, leading to longer clearance of goods
    d. Delays at the Port is also attributed to the lack of information and ignorance of some importers, particularly new clearing agents. The study found instances where clearing agents of traders lack adequate knowledge of the single window platform and could not utilise it effectively to enhance the clearing of goods.

3. **On the irregular application of regulations at the Tema Port, we found that:**
    a. Traders leverage their political connections to perpetuate illegal activities that violate existing regulations at the Port. We found that traders with high political connection are involved in misclassification of consignment, under-declaration, fake invoicing, and preference for particular terminals and scanners.

4. **Causes of high handling charges at the Tema Port include the inconsistent application of exchange rates, ambiguities in the cost build-up and lack of harmonisation of the handling charges such as the container release fees**. The study found out that traders with specialised terminals at the Port tend to pay less for handling charges than other traders using any available terminal. Compounding this are delays in receiving permits, trader ignorance, and non-compliant behaviours by traders.

Appendix 1 - Research Methodology

An all-encompassing framework that captures the structural, institutional, and stakeholder interest and incentives is essential to undertake a nuanced analysis carefully. This is because the causes of delays and handling charges at the Tema Port can be complex due to the multiple stakeholders involved in the day to day operations at the Port.

The methodology followed by the research team encompassed the following:

- Desk (literature) review
- Bellwether and key informant interviews (KIIs)
- Political Economy Analysis: 'Triple-A' analysis of identified problems and entry points

Desk (Literature) Review

The research team conducted a literature review covering relevant documents covering port operations in Ghana, especially the Tema Port. The purpose of the literature review was to obtain a clear understanding of the main stakeholders, political economy context, objectives, challenges, and expected outputs and outcomes of any proposed HMG project/programme to address causes of delays and handling charges at the Tema Port. This informed the design and nature of the questions that best extract the necessary information from key informants.

Bellwether and Key Informant Interviews

The Bellwether methodology entails administering multiple semi-structured interviews with influential thought leaders ('bellwethers') and political insiders engaged in the national policy debate on issues at the ports. This was done to gain a deeper overview of attitudes to delays and handling charges at the Tema Port and its implications for doing business in Ghana. This was followed by more extensive key informant interviews (KIIs) with local stakeholders and international organisations involved in Port operations in Ghana and the sub-region. Some interviews are likely to be held in-camera (face-to-face) due to the sensitive nature of the information requested or elicited.

'Triple-A' Analysis of Identified Problems and Entry Points

Data triangulation was conducted to map out the causes of delays and handling charges at the Tema Port. Additionally, triangulation helps to identify the consistency of findings from the information provided by stakeholders and validate anecdotal information with available empirical data. The findings from the literature review and subsequent KIIs (the situational analyses) was analysed using a Problem-Driven Political Economy Analysis approach to identify the range of possible intervention areas. We synthesised these with fishbone/Ishikawa diagrams of potential policy problems. The Ishikawa diagrams are used to identify each problem's root causes and entry points in terms of intervention/output areas. The AAAs (Authority, Acceptance and Ability) are the different elements required for successful reform. The research team used the Triple-A framework to stress-test the identified EPs (output areas) to determine which of the root causes an HMG focussed programme may support with maximum impact.

Figure 14 'Triple-A' (Authority, Acceptance and Ability) Criteria



Authority is the support needed to effect policy change or build state capacity (whether political, legal, organisational, or personal).



Acceptance is the extent to which those who will be affected by reform or policy change (in government or outside it) accept the need for change and the particulars of a suggested reform.



Ability is the practical side of the reform, and refers to the level of available expertise, time, and funding for a proposed intervention. In each case, it is important to assess the existing level and establish the gaps that need closing.

Stakeholders

Meetings were held with identified relevant institutions and individuals at the Tema Port. The purpose of this engagement is to collect empirical information on the subject matter from a multi-stakeholder perspective. The tentative list of stakeholders is provided in the table below.

Government	Private sector/Business Community
• Ministry of Trade and Industry • Ghana Shippers Authority (TBC) • Ghana Ports and Harbour Authority • Ghana Shippers Council • Ghana Revenue Authority • Customs Division of the Ghana Revenue Authority	• McDan Shipping and Logistics • Ghana Importers and Exporters Association • Meridian Port System (MPS) • Ghana Freight Forwarders Association • GC Net • Liner Agencies • Ghana Export Promotion Authority • Ghana Links • Other shipping agencies at the Tema Port • Ghana Union of Traders Association • Independent experts and academics researching on ports and trade facilitation issues • UK and other foreign importers and exporters • Sea-freight Pineapple Exporter of Ghana

Source Description

To maintain discretion during our investigative work, we worked closely with several experts to understand best practice for asking questions, and to design an investigative approach that does not put counterparties or investigator at risk. This report was researched with a team of sources, with their descriptions listed below and their contributions annotated throughout the analysis. Finally, all judgments were audited by the research team to ensure the logic is sound and that the evidence is accurately represented.

Causes of Delays in Port Clearance and High Handling Charges at Tema Port

Key Informant	Description
Source 1	Source is a platform and terminal engineer at the Tema Port and a key member of engineers and consultants who designed and constructed the Terminal 3 at the Tema Port. Source has over 15 years' experience in Ghana's maritime industry.
Source 2	Source is an academic and a global security expert with a renowned security and conflict resolution institution. Source has written extensively on conflict, security, and transnational criminality in West Africa.
Source 3	Source is a top executive member of the formal freight forwarders institution in Ghana. Source has over 15 years' experience in Ghana's maritime industry and played a key role in the implementation of the paperless port system.
Source 4	Source is an executive member of a coalition of importers and exporters in Ghana. Source represents importers and exporters on the Joint Customs Consultative Committee and works directly with the Ghana Shippers Authority.
Source 5	Source is an investigative journalist with an influential media house in Ghana. Source has produced several investigative pieces that has exposed graft and political patronage at the Tema Port and other economic sectors.
Source 6	Source is a former Assistant Commissioner of the Ghana Revenue Authority, Customs Division. Source worked as director of integrity programmes and was a member of the Joint Customs Consultative Committee.
Source 7	Source is a journalist in Ghana's maritime industry. Since 2015, Source has reported from the Tema Port on several issues including trade fraud, under-invoicing, under-declaration, and collusion between regulators and port users.
Source 8	Source is an IT security professional who has worked for several years in the maritime industry including working at a leading systems operator/vendor of Customs.
Source 9	Source is a journalist in Ghana's maritime industry and reports for a business newspaper. Source has reported on maritime issues including operating systems, handling, and general port issues in the last 13 years.

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