

## **Trade facilitation & Revenue Mobilisation: ICUMS is Ghana's best bet.**

Originally called UNI-PASS Ghana, the Integrated Customs Management Systems ICUMS is a new Customs Management and Port Community platform that processes documents and payments through a single window. The new system which was renamed by the government to be known as ICUMS is a departure from the previous system where 'valuation and classification' and 'risk management as well as payment' were handled by different entities.

The ICUMS which is a single window project is aimed at coordinating all activities in respect of cross border trade on one platform to reduce time and cost in clearing and exporting goods from Ghana which now allows for creation of Unique Consignment Reference (UCR) on the same platform without the need to be switching between different systems .

The system, being spearheaded by Ghana Link Services Ltd, in collaboration with Customs UNI-PASS International Agency (CUPIA) of the Korean Customs Service, the designer of the system, replaces the Pre-Arrival Assessment Report (PAARS) and the Ghana Customs Management System (GCMS) jointly operated by the Ghana Community Network Services (GCNet) Ltd and West Blue Consulting.

The decision to discontinue with the services of GCNet and other service providers by the Government of Ghana GOG was informed by their need to replace the multiplicity of vendors with a single service provider deploying an end-to-end system which as have already been pointed out was to effectively check or limit if not stop the rising cost of doing business at the port, reduce time taken for goods clearance s at the ports for all stakeholders as well as block what the government has identified as huge leakage in revenue mobilization not only at the ports but domestically.

The ICUMS is an e-Customs system which provides swift customs clearance, increases government revenue, connects various government and private entities to facilitate cross border trade and ultimately contributes to the economic development.

ICUMS is divided into 5 main components: Customs Business, Integrated Risk Management, Single Window, IT Management, and Customs Administration. Each component has various sub-

systems that when put all together provides a fully functional e- Customs system which is compatible to the Customs business environment worldwide that enable the sharing of information removing the need for actors to submit the same information to several entities.

The ICUMS was first deployed at the various frontiers in March 2020 following successfully pilot at Aflao and Elubo a month earlier in February. In April Takoradi having undergone simulations and stress test took - off. Then finally Ghana's biggest port in terms of size and ability to accept cargo volumes was hooked onto the ICUMS system on June 1, 2020 under the direction of the government's cabinet committee headed by the Senior Minister Trade Minister leading the implementation as his ministry is the supervising ministry for trade.

The imminent question is, why has the Ghana Revenue Authority (GRA) under the direction of the government resorted to the implementation of the ICUMS platform in spite of strong opposition by some key stakeholders in the import and export business?

Contrary to the stance and expectations of some stakeholders such as a segment of the Ghana Institute of Freight Forwarders GIFF and a civil society group that had maintained that the new port clearance system known as the ICUMS, could not help the government to raise the required revenue especially in this COVID-times when even cargo volumes to the ports has dropped drastically, media reports have showed that that assertion is not true. However most credible source, we maintain is for the facts to be checked with the Ghana Revenue Authority.

## **Unique Features**

The ICUMS platform has a set of features that accentuate its acceptance and implementation over other systems. First, ICUMS has a stand-by human resource management model that facilitates identification of officers who worked on a given cargo and the time during which the work was carried out and completed. Second, tracing missing cargoes or goods under the novel ICUMS platform is very simple. It's also the only system built to effectively identify the importation of unsafe and fake goods leading to effective preventive measures.

The system also is internationally recognised for protection of intellectual property (IPR). Also because of the revenue-focused nature of ICUMS, it has a valuation data warehouse, which is a pre-requisite for proper valuation and revenue collection.

Finally, ICUMS has an exclusive tracking device for all cargoes which helps to identify each cargo using a unique reference number.

## **Revenue Mobilisation**

According to the GRA revenue mobilisation trend, before the ICUMS the monthly average estimated revenue was at GH¢940 million. However, the Commissioner-General of GRA in a press briefing in the second week of the ICUMS going live country-wide having Tema port enrolled to the system envisaged the port clearance system was to help them to collect more revenue than was realized before then.

This assertion is corroborated by the mobilisation of some GH¢490 million within seventeen (17) days of the implementation of the new system and realisation of GH¢1.2 billion at the end of June 2020. <https://www.ghanaweb.com/GhanaHomePage/NewsArchive/ICUMS-generates-GH-490m-in-17-days-state-not-losing-revenue-GRA-985888>.

Full implementation of the ICUMS platform took effect from 1st June, 2020. Proponents of the ICUMS platform argue, if in the midst of the devastating COVID-19 pandemic, the GRA was able to rake-in almost GH¢1.2 billion within one month (that is, from 1st through 30th June, 2020), the country stands to benefit a great deal from its full implementation in post-COVID period.

Professor Stephen Adei, who is the Board Chairman of the Ghana Revenue Authority (GRA), recently during an interview on one of Ghana's leading radio station, described the ICUMS as best and better than the old system. "ICUMS is a much better system than GCNET – Prof Adei".

[https://www.facebook.com/watch/live/?v=601476760787726&ref=watch\\_permalink](https://www.facebook.com/watch/live/?v=601476760787726&ref=watch_permalink),

<https://www.myjoyonline.com/business/economy/icums-is-a-much-better-system-than-gcnet-prof-adei/>

In this interview he confirmed again an earlier report which had been put out by the Goldstreet newspaper that the ICUMS in the month of June 2020 alone had helped the government to collect 1.2 billion cedis in revenues for the government even with the initial challenges of drop in cargo cleared at the ports and transit cargo through the country's borders.

<https://goldstreetbusiness.com/2020/business/icums-generates-record-high-import-duty-revenues/>

## **Benefits of the ICUMS**

Admittedly, the ICUMS, saw its implementation fraught with some level of challenges. However, most of these have largely been dealt with from day one when the system was deployed especially in Tema on June 1, 2020. This notwithstanding, the economic benefits of the port clearance system in the immediate-, medium- and long-term are expected not only to be phenomenal but help the government to raise the needed revenues to help in its development agenda. This also means the much talked about leakages in the port revenue value chain would largely see closure.

This is because the ICUMS has an end-to-end system which does not allow operators to tamper with figures on it. The digital architecture of the ICUMS platform allows it to fit into the government's digitisation agenda and paperless system proposals.

It is also to provide swift customs clearance, and to facilitate trade at the country's ports and borders by cutting cost as well reduction in the time for goods clearance for all stakeholders. Before the coming into operation of ICUMS, valuation and classification as well as risk management and payment were carried out by different entities which created room for revenue leakages and undue delays in the cargo clearance process at the ports. Under the new the ICUMS platform, the foregoing processes are completed through a single window.

To quote Dr. Ebenezer Ashley, Chartered Economist/Financial Consultant the ICUMS is "Indeed, the novel system is intended to present comprehensive and easy-to-use digital customs system to the Ghanaian market, without compromising international standards. It is perceived by many analysts as the long-awaited "Messiah" of Ghana's leaking revenue basket."

The newly introduced Integrated Customs Management System (ICUMS), which began a month ago at the Terminal Three of the Kotoka International Airport (KIA), has yielded total revenue of 55.4 million Ghana cedis. This represents a 20% increment over last year's revenue performance for June, which was about GHC46 million. Mr Festus Mensah, the Chief Revenue Officer in-charge of General Duties at the KIA, disclosed this to stakeholders at a forum in Accra.

<https://www.modernghana.com/news/1013939/icums-rakes-in-ghc554-million-in-airport-revenue.html>

### **Cost to Government**

As noted earlier, the ICUMS was introduced to replace the GCMS. **Is the ICUMS deal expensive than the old vendors?**

<b>Vendors</b>	<b>Cost +Insurance +Freight CIF</b>	<b>Free On Board FOB</b>
West Blue - CCVR	0.28%	0.32% (0.28% * 1.15)
SML Fees – External Price Verification Fees	0.17%	0.195% (0.17% * 1.15)
GCNET		0.40%
<b>Total Fees Charged by West Blue, SML and GCNET</b>		<b>0.92%</b>
ICUMS Fees		0.75%

The above table gives an idea of the cost to the government, comparing the vendors providing the trade facilitation. It is important to note that with the ICUMS, the government gets to save about 0.17% on FOB.

Another question that has come up is: if such an investment is even considered worth taking, why have the top government officials widely speculated by the media to have pushed the ICUMSS deal through failing to educate stakeholders at the Ghana ports on the importance of rolling out such a deal?

I'm sure we have heard many times, in interviews in mainstream media that education has been done several times. All stakeholders, including freight forwarders and importers, have been trained, and training is still ongoing. It's untrue to say the ICUMS teams have failed to educate stakeholders at the Ghana ports on the importance of rolling out such a deal.

But let me state here and now that training is not an event, but a continuous process which we will continue to do for the freight forwarders and all other stakeholders even after full rollout.

***But the question one may ask is: we speak of single window at the ports; can we say we have that now?***

Yes, we do, with the introduction of the ICUMS. The Government of Ghana, in its commitment to ensure value for money and end-to-end single window system, signed an agreement with Korea Customs, through its partners here in Ghana, Ghana Link Network Services Limited, to deploy ICUMS (a single entry), i.e. UNI (Unified, Universal or Unique), PASS (to clear fast and offer efficient service) that serves all purposes in trade (goods) and travels (passengers).

It is a modern and world-class technology acknowledged by international bodies such as the World Trade Organization (WTO), the World Customs Organization (WCO), The World Bank, and World Economic Forum (WEF), which is used to facilitate trade, ensure supply chain security and increase revenue.

ICUMS is the only technology in the area of trade facilitation, security/safety and revenue mobilization developed by a customs agency aimed at solving customs and trade-related issues. Hence, it is a tailor-measured technology. Also, it is important to note that, there is nowhere in the world that a government will allow for such a system to be deployed without piloting it. Indeed, we acknowledge that implementing a national single window system will not happen without initial challenges.

But what is important is that while these challenges emerge, the rate at which one resolves them is what is important, and Ghana Link and its partners have been very swift to resolve all the challenges that have been raised with the system.

## **Conclusion**

We are told that total domestic revenue for the first quarter of 2020 was estimated at GH¢10.0336 billion. This represented about 2.6% of projected gross domestic product (GDP) for 2020, and about 25.9% lower than the targeted revenue of GH¢13.5416 billion (3.5% of projected GDP) during the period. The obvious revenue underperformance during the first quarter was a reflection of shortfalls in non-tax and tax revenues.

Finally, to conclude, it is important to point out that many developing countries, especially those in need of revenue from cross-border trade, as well as facilitate trade across their borders, ensure security and transact business in a transparent, efficient and less costly manner, have always made UNIPASS which has been renamed ICUMS in Ghana their best ally.

The UNIPASS technology is used by many countries around the world and is fully operational in these countries: Ecuador, Nepal, Mongolia, Guatemala, Kazakhstan, Kyrgyzstan, Dominican Republic and Uzbekistan.

In Africa, Tanzania and Cameroun have adopted the UNI-PASS. It is operational in Tanzania, but yet to be fully deployed in Cameroun. In Tanzania, the introduction of UNI-PASS (called TANCIS) in 2012 led to revenue increase of \$390 million in 2013, \$495 million in 2014, and \$651 million in 2015.

Ecuador implemented UNI-PASS model (ECUPASS) IN 2011. In 2012, they collected revenue of \$3.5 billion, \$3.7 billion in 2014, and \$3.9 billion in 2015. ECUPASS also won a WCO Innovation award at a Technology Innovation forum in Argentina in 2013 (KCS, 2016). Between June 2015 and December 2015, Korean Customs conducted feasibility study to improve Ghana's port clearance system so as to improve revenue collection and facilitate trade.

After this report was issued, the Government of Ghana sent customs officials to Korea to understudy what they have. This led to the development of a comprehensive report, which is what the Government of Ghana adopted and got CUPIA to develop the tailor-made system, which is known as the Integrated Customs Management Systems ICUMS.

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