

FREQUENTLY ASKED QUESTIONS ON NIGERIA CUSTOMS SERVICE MODERNISATION PROJECT

WHAT IS THE CUSTOMS MODERNISATION PROJECT?

The Customs Modernisation Project is the automation of the business processes of the Nigeria Customs Service (NCS), to simplify and enhance the experience of its customers, making it easy to obtain import and export clearances, pay duties and obtain the release of goods.

WHAT ARE THE OBJECTIVES OF THE PROJECT?

The overall objective is to deploy a comprehensive solution across the administrative and operational activities of the NCS, in line with its mandate for effective tariff collection, securing the border, preventing smuggling and managing relevant data about movement of goods across the Nigerian border. The project will also deliver the following:

1. Design a technology architecture that will provide the required platform for the project
2. Deploy the necessary technology across all NCS sites in line with approved timeline
3. Provide organization-wide capacity building to ensure sustainable implementation by NCS

WHAT ASPECTS OF CUSTOMS ACTIVITIES DOES THE PROJECT COVER?

By the time the project is fully implemented, it will cover all areas of customs activities, including duties collection, clearance operations and border security.

IS THIS A NEW PHENOMENON?

No. Customs modernisation projects are being implemented around the world as part of efforts to harmonize global trade regimes and simplify trading across borders.

WHAT ARE THE BENEFITS TO THE NATION?

1. The major advantage of the project is the significant growth in the revenue profile of the Federal Government. The project will generate in excess of \$176 billion to the Federal Government over the life of the concession.
2. The project will bring Nigeria at par with the rest of the world in the deployment of technology to facilitate international trade.
3. The economic diversification activities of the Federal Government will receive a strong boost by providing further ease of cross-border trading.

HOW HAS CUSTOMS MODERNISATION HELPED OTHER COUNTRIES GROW THEIR ECONOMIES?

The Automated System for Customs Data (ASYCUDA) is being overseen by the United Nations Conference on Trade and Development (UNCTAD) and has more than 80 countries on it so far and is at the third generation of software.

The largest implementation of customs modernisation is in the EU, where it has been operational block-wide since the 1990s. This is at the heart of the EU Customs Union and

has greatly simplified trade facilitation within the block and between the block and other countries. There are several studies on its success and the EU strategy paper on customs modernisation is updated almost on a yearly basis. The fact that Brexit has not led to a breakdown in trade facilitation in Europe is attributable to this phenomenon.

The United States has also developed and has deployed its customs modernisation platform that allows traders to process clearance and pay for duties anywhere, anytime. This has eliminated the need for third party agents and empowered shippers to take more control of their activities, while supporting Ports management effort to run, as efficiently as possible.

The United Arab Emirates has also been implementing a customs modernisation project and is currently on the second version of its software. The status of Dubai as the heart of global trading would have been impossible without automation of its Customs processes.

China, the largest trading facilitation system in the world, relies extensively on customs modernisation schemes, including the automation system being implemented by Huawei Technologies across many of its ports. It is worthy of note that Huawei is the lead technical partner for the Nigeria Customs Service modernisation project.

HOW DOES THE PROJECT HELP THE REVENUE POSITIONS OF THE FEDERAL GOVERNMENT?

Automating the customs processes helps to increase revenue collection because improved trading experiences will increase trading frequency and therefore, revenue from chargeable duties. The automation will also help to address revenue leakage challenges in collecting duties through the NCS.

WHAT ARE THE SERVICES THAT THE PROJECT WILL PROVIDE?

The services are divided into three (3) categories as follows:

1. Core Services
 - i. Unified Customs Management System
 - ii. Electronic Port System
 - iii. Logistics Monitoring System
 - iv. Mobile Enforcement System
 - v. Intelligent Gate (iGate) System
 - vi. Electronic Cargo Tracking System (ECTS)
2. Administrative Services
 - i. Office Automation
 - ii. Human Resources Management System (HRM)
 - iii. Document Management System
 - iv. Asset Management System

3. Sustainability Services
 - i. Capacity Building
 - ii. Business Continuity System

IS CONCESSION THE BEST WAY TO ACHIEVE THIS?

The \$3.2 billion investment required to deliver the project is quite enormous. A concession will support the efforts of the government to diversify the economy and increase revenue, while freeing up scarce resources to address other critical areas of economic growth, such as infrastructure.

WHAT IS THE TYPICAL TENURE OF CONCESSION FOR SUCH PROJECTS?

Each country determines what it wants for concession projects. However, the 20-year period as determined for this project has been carefully derived, given the multi-year investment requirements, as well as resource deployment, including ensuring that the personnel of the NCS are adequately trained and provided enough time to acclimatize to the technology and build the skills to continuously improve upon it, as future demands require.

HOW WILL THIS CONCESSION BE IMPLEMENTED?

The Public Private Partnership framework entails that the project sponsor incorporates a Special Purpose Vehicle (SPV), in this case, Trade Modernisation Project Limited, which is the concessionaire.

WHAT IS A SPECIAL PURPOSE VEHICLE?

SPVs are entities or companies that are formed for a single purpose, in this case, to implement the customs modernisation project. The SPV shall transfer all project assets to the NCS at the end of the Concession period.

WHAT ARE THE FIRMS INVOLVED AND WHAT ARE THEIR ROLES?

The firms are Bergmans Security Consultants & Supplies Limited as the Project Sponsor, Huawei Technologies Limited as the Lead Technical Service Provider and Africa Finance Corporation as the Lead Financier.

WHICH ORGANIZATIONS ARE INVOLVED ON THE PART OF THE FEDERAL GOVERNMENT?

The Nigeria Customs Service (NCS) as the Grantor and the Infrastructure Concession and Regulatory Commission (ICRC) as the Regulator.

WILL THE PROJECT LEAD TO JOB LOSSES?

As with the introduction of any disruptive technology, new jobs will be created through the new service points that are required for the project to function effectively. The project will create a new set of professionals who will help end users navigate the system.

Studies of similar projects around the world have shown that the ripple effects lead to creation of new jobs across many industries, as well as growth of businesses, which together, contribute to wealth generation and sustainable developments.