

**FACTORS AFFECTING CUSTOMS RELEASE OF GOODS AT NAMANGA BORDER
POST IN KENYA**

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DECLARATION

This research project is my original work and has not been submitted for the award of a degree in any other university or institution.

Date: _____

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HDB-335-C016-5036/2016

This research project has been submitted for examination with my approval as University Supervisor.

Date: _____

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DEDICATION

This project is dedicated to God and to my family without their support none of this would have been possible.

ABSTRACT

This study was done to assess the factors affecting customs clearance of goods at Namanga border post. Specific objectives were; to find out to what degree information available on customs procedures affects release of goods at Namanga border post; to establish to what extent the level of Pre Shipment Inspection affects customs release of goods at Namanga border post; to establish to what extent the level of technology is a factor affecting customs release of goods at Namanga border post; to establish to what extent the goods type affects the customs clearance times at Namanga border post; to find out to what extent is shipment release a factor affecting the customs release of goods at Namanga border post. Primary data was collected from Namanga at the Kenya Tanzania border. The research design used was an exploratory research design. The target population of the study were 61 respondents comprising of 30 clearing and forwarding staff, 30 customs officers based at the border post and 1 senior manager from K.R.A. Respondents were chosen using the purposive sampling method, the main data collection instrument used was a questionnaire. Qualitative data gathered from the questionnaire was analyzed using document analysis and quantitative data was analyzed using SPSS (Statistical Package for the Social Sciences). Key findings from the research indicated that inspection and goods type were the factors with the greatest impact on customs release at Namanga border post. 85.7% of respondents felt that inspection affected customs clearance while 42.9% felt the type of goods affected customs release, further statistical analysis of both factors gave a correlation factor of .884 an almost perfect linear relationship. Technology was cutting both ways in the clearance process speeding up clearance as well as delaying clearance due to frequent downtime, shipment release was not a commonly used method of getting goods across the border.

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Acronyms

ACV: Agreement on Customs Valuation	14
ASYCUDA: Automated System for Customs Data	19
BOE: Bill Of Entry	15
CCRF: Customs Clean Report of Findings	17
CIF: Cost Insurance and Freight	14
CVR: Classification and Valuation Report	14
EAC: East African Community	19
FOB: Free On Board.....	14
GATT: General Agreement on Tariffs and Trade.....	14
HS: Harmonised System.....	15
K.R.A: Kenya Revenue Authority.....	8
PCVR: Provisional Classification and Valuation Report.....	14
PSI: Pre-Shipment Inspection.....	16
TRA: Tanzania Revenue Authority.....	14
WTO: World Trade Organization.....	20

Definition of terms

Customs control Customs controls are the measures applied by Customs to ensure compliance with the duties and taxes imposed on imports and exports and the other laws that it is responsible for enforcing. The primary customs control is, of course, the inspection of goods and persons at the border by experienced customs professionals.(Environment, 2013)

Customs Clearance WCO Revised Kyoto Convention (RKC) defines Customs clearance as “the accomplishments of the Customs formalities necessary to allow goods to enter home use to be exported or to be placed under another Custom procedure. (Organization W. C., 1999)

Customs release The documented permission to pass that a national customs authority grants to imported goods so that they can enter the country or to exported goods so that they can leave the country. The custom clearance is typically given to a shipping agent to prove that all applicable customs duties have been paid and the shipment has been approved (Customs Clearance, 2018).

Release This is “the action by the Customs to permit goods undergoing clearance to be placed at the disposal of the persons concerned.” (WCO, RKC, General Annex Chapter 2)

Release time Release is a critical step in the clearance process as it involves the decision by government agencies (mostly coordinated by the Customs) in cross-border trade for the importer/exporter or his/her designated agent to remove goods from the designated Customs control area (usually the Customs office at the border, port or airport) and to continue

delivery of the goods to its destination. Release should be separate from clearance.

((UNECE), 2012)

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CHAPTER ONE

INTRODUCTION

1.1 Background of Study

Customs clearance can be defined as the documented permission to pass that a national customs authority grants to imported goods, so that they can enter the country or to exported goods, so that they can leave the country. The customs clearance is typically given to a shipping agent to prove that all applicable customs duties have been paid and the shipment has been approved. Customs clearance is defined as the accomplishment of the customs formalities necessary to allow goods to enter home use, to be exported or to be placed under another customs procedure. Customs is traditionally the focal point through which clearance and border control is exercised (Organization W. C., 1999).

Customs clearance of Goods with respect to the commercial importation of goods, the Customs and Excise Department of K.R.A. Administers the full range of border services, including on behalf of, or in co-operation and co-ordination with, other government departments and agencies in the administration and enforcement of their legislation and regulations. The Customs and Excise Department's border administration and enforcement responsibilities include collecting duties and taxes on imported goods, ensuring compliance with sanitary, phytosanitary, transportation, and product health and safety standards and regulations, interdicting prohibited or controlled goods, ensuring prescribed products are clearly marked with their country of origin, collecting statistics, and administering and enforcing trade remedies and specific obligations under Kenya's trade agreements. Certain goods are subject to the regulations of other government departments or provincial and territorial governments (henceforth, regulated goods). Importers are required to present

permits, certificates, licenses, or other authorizations issued by these departments or agencies when the goods arrive at the borders (Y. Oloo, 2004).

The challenge for the Customs and Excise Department in managing the customs clearance of imported goods is to balance expediting and facilitating trade to support economic prosperity on the one hand and protecting the safety and security of its citizens and the country on the other. Fulfilling this dual mandate requires managing effectively and efficiently both the flow of goods across the border and the flow of information related to the goods, traders, and associated service providers (e.g. carriers, customs brokers, freight forwarders).

Importers and their service providers are required to provide a range of data elements about imported goods, including their description, price, shipping and other costs, names and addresses of vendors, buyers, importers and carriers, the points of shipment and destination, and so forth. This information is used by the Customs and Excise Department both for security and safety reasons and to calculate duty and taxes. In addition to this information about the goods, the carriers are required to provide cargo and conveyance data on the shipping and warehousing of the goods. In addition, importers must also present any permits and certificates required from other departments or agencies for regulated goods when the goods arrive at the border.

Customs officers process this information in order not only to determine the applicable duties and taxes, but also to ensure that the goods meet all applicable requirements and do not pose a risk or threat before the goods can be released from the border. This takes time and resources and customs department may also need to co-ordinate with other government departments and agencies, for example, when permits or certificates are required for regulated goods or when there is a need for physical inspection, as in the case of live animals. This, in turn, affects how quickly and efficiently goods can be released from the border and,

therefore, the time and costs incurred by businesses, because efficient clearance procedures at the border are critical to eliminating avoidable delays and to improving supply chain predictability.

1.1.1 The Concept of Customs Release of Goods.

Customs release of goods is a critical step in the clearance process as it involves the decision by government agencies (mostly coordinated by customs) in cross-border trade for the importer or exporter or their designated clearing agent to remove goods from the designated customs control area (usually the customs office at the border, port or airport) and to continue with the delivery of goods to their designation. The time taken by government to release goods is a relevant performance indicator and has tremendous impact on the cost of doing trade in the country. The faster and more predictable the release process becomes it allows traders to plan, manage and optimize their supply chains.

Customs clearance on the other hand is work that involves the preparation and submission of documentations required to facilitate export or imports into the country, representing client during customs examination, assessment, payment of duty and co taking delivery of cargo from customs after clearance along with documents. Release is separate from clearance i.e. the assessment and payment of applicable duties and taxes should take place after release of goods usually against a provision of a security.

1.1.2 Namanga Border Post.

The study area is located on the border area between Nairobi, Kenya and Arusha, Tanzania being one of the busiest border points of the East Africa Community countries. The area is classified as peri-urban area and lies 110KM from Arusha the second biggest town in Tanzania and 140KM from Nairobi, the capital of Kenya. Food stuff especially dried cereals

are sourced in Tanzania which most of the time has surplus and later transported to other major towns in Kenya (Aluoch, 2014).

Figure 1: Map of Namanga Town



The EAC Heads of State in the year (2013) assented to the **One Stop Border Posts Bill 2012** which provides for the establishment of One Stop Border Posts (OSBP) in the region in order to facilitate trade through the efficient movement of goods and people within EAC. This OSBP bill concept is aimed at harmonizing transit clearance, with two officers from bordering countries sitting under one roof to handle transit documents concurrently in order to save time(Community, 2012).

1.2 Statement of the Problem.

Once the challenge of the physical transporting of goods from one transit country to another country has been addressed, most traders encounter a further significant obstacle, which is the cumbersome and costly procedures to clear goods at customs and border posts. In Africa, the average customs transaction involves 20–30 different parties, 40 documents, 200 data elements (30 of which repeated at least 30 times), and the rekeying of 60-70 percent of all

data at least once. In most African countries, there are two complete sets of controls to be completed – one on each side of the border post – with numerous forms of documents to be filled and cleared. These administrative hurdles escalate trade costs (it is estimated that each day of delay at customs is equivalent to an additional 85km between the trading countries). They also encourage illicit trade and corruption in order to bypass delays at customs and border posts (Harka, 2012).

Customs administrations are characterized by excessive documentary requirements; outdated procedures; lack of automation and insignificant use of information technology; lack of transparency, predictability and consistency; as well as lack of cooperation with other government agencies. This results in the waste of enormous amount of time and money. Delays at the customs as long as 10-30 days and over are very common in the region. According to WTO the rapid release time of cargo is one of the things that a country must carry out as a trade facilitation measure. It quotes it as such the trade facilitation measures provided pursuant to paragraph shall include at least some three measures that include rapid release time of goods as appropriate (Organization W. T., Trade Facilitation Agreement Database, 2017).

According to the Kenya Time Release report for ports (November, 2004), it is clear that the Customs and Excise department has a significant role to play in expediting clearance of goods and simplifying clearance procedures to make it beneficial to their importers, exporters and national economies. This is so because it has a bearing on the efficiency of traders in meeting the challenges for better product quality, lower costs and faster delivery (Wanyama, 2017).

The customs department is faced with extremely unique challenges. There is increasing volume of trade which it has to control within the mandate given by the government and to

the expectation of society. There is also increased demand by traders for faster clearance of cargo and the government's ever increasing revenue expectations. The customs department therefore has to meet these challenges and expectations against the background of human and financial resource constraints. It is therefore imperative that customs uses its resources more efficiently by embracing modern technology and working methods (Y. Oloo, 2004).

Costs associated with international trade include transaction costs resulting from inefficiencies in customs clearance procedures, land transport regulations, and requirements that prevent competition from foreign suppliers raise the cost of services provided by local firms. Transaction costs also are associated with red tape generated in the administration of complex documentary requirements such as Rule of Origin. These types of trading costs often are alleged to have a major negative effect on trade and investment, but information on their incidence is scant at best (Zarrouk, 2003).

Trade facilitation includes the cargo release-time indicator which measures time spent processing documentation and releasing goods to the importer. Correct measurement of time spent processing goods permits importers to place the blame for slow release on the institution responsible customs, port authority, or government agencies in charge of enforcing agricultural, commercial, or safety standards. The Trade and Transport Facilitation in Southeast Europe program uses this indicator in combination with the waiting cost for trucks at the border and estimates the savings that result from reducing release time (Wulf, 2005).

The causes of this clearance time can be attributed to several factors poor education and training of clearing agents, abandonment of goods due to poor pricing, lack of automation, a low level of mechanization, excessive bureaucracy and poor infrastructure (Wanyama, 2017).

1.3 Objectives.

The general objective was to find out the factors affecting customs release at Namanga border post in Kenya.

1.3.1 Specific Objectives.

- i. To find out the effect of information available on customs procedures affects release of goods at Namanga border post in Kenya.
- ii. To establish the effect of Pre Shipment Inspection affects customs release of goods at Namanga border post in Kenya.
- iii. To find out how the effect of technology is on customs release of goods at Namanga border post in Kenya.
- iv. To determine the effect of goods type on customs release at Namanga border post in Kenya.

1.4 Research Questions

- i. How does the information available on customs procedures affect the clearance time?
- ii. How does the type of pre-shipment inspection done affect the clearance time of the goods?
- iii. How does the level of technology and new technological advances impact on the clearance time?
- iv. How do the types of goods presented to customs affect their clearance time?

1.5 Significance of the Study

This section discusses importance of the study to society, country and to relevant government agencies, K.R.A in particular and also to the researcher. It expounds on the study's probable impact on trade facilitation between Kenya and Tanzania. It gives the justification of the study in term of contribution to theory and practice.

The study provided information to potential and current scholars, wishing to undertake research on the factors affecting customs release in Kenya specifically at Namanga border post. This will enhance their knowledge on the same and also identify areas that require further research. The study will also highlight other important areas that need relational studies and comparison between results of time release studies done in Kenya and compare with those done in other nations.

Further, an understanding of customs release and its effect on trade facilitation will be important in informing future policies on the specific interventions that are required to make trading across borders much easier.

1.6 Scope of the Study

The research was done at the Namanga border post at Namanga town at the border between Kenya and Tanzania. The study area was the one stop border post that is located here.

The research was conducted as a case study at the Namanga border post in Kenya whereby much concentration was in the customs operations and the operations of the clearing and forwarding agents and those of the customs officers stationed here since it is the core section that deals with clearing of goods going through this border post.

The type of goods under study will be imports, export, transit goods and any other goods making their way across this border that may require the intervention of the customs authorities.

1.7 Limitation of the Study

There was the bureaucratic process at K.R.A border post that hindered the collection of data. The respondents were few and spread out along this border post. Working patterns of the staff were a problem in getting an adequate response rate. Due to their busy schedules there was a problem in getting respondents to respond to the research instrument. Secondary data on this subject was not available and where it was, was very hard to come by.

With a population of less than 100 individuals at Namanga border post there were fears that this number was too small and the data would be difficult in finding significant relationships from the data, as statistical tests normally require a larger sample size to ensure a representative distribution of the population and to be considered representative of groups of people to whom results will be generalized or transferred.

Unavailability of relevant literature was a problem and also the time allocated for research that is data collection, analysis and presentation was too little. Also a challenge was the use of the statistical package SPSS and the interpretation of the results.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction.

This chapter presents the related literature and studies after the thorough and in-depth research done by the researcher. This will also present the theoretical and conceptual framework to fully understand the research to be done it includes review of related literature and studies which the researcher pursued to shed light on this study.

2.2 Theoretical Literature Review

2.2.1 Theory of customs union

Customs union theory can be said to date from the publication in 1950 of Viner's pioneering work. Viner showed that a customs union can result in either trade creation or trade diversion: the former involves a shift from high-cost domestic production to lower-cost production in a partner country; the latter a shift from the lowest-cost external producer to a higher-cost partner(Massell, A New Look at Customs Union Theory, 1965).

Viner pointed out that trade creation raises the home country's welfare, and trade division lowers it. According to R.G. Lipsey, "The theory of customs unions may be defined as that branch of tariff theory which deals with the effects of geographically discriminatory changes in trade barriers" (Balassa, 1967).

In this case there is trade creation in Tanzania with regards to goods of an agricultural nature mainly fruits and vegetables, while the reverse occurs where there is trade creation in Kenya in terms of manufactured goods. Kenya is East Africa's largest and most diversified economy in East and Central Africa. Its GDP accounts for more than 50% of the region's total.

2.2.2 Theory of Comparative Advantage

All economies, regardless of their size, depend to some extent on other economies and are affected by events outside their borders. Adam Smith in 1776 said that a country enjoys absolute advantage over another country in the production of a product if it uses fewer resources to produce that product than the other country does (Smith, 1981).

Ricardo (1817) with the Classical Economists say that a country enjoys comparative advantage in the production of a good if that good can be produced at a lower cost in terms of other goods.

The principle of comparative advantage, first clearly stated and proved by David Ricardo in 1817, is the fundamental analytical explanation of the source of these enormous 'gains from trade'. Comparative advantage is the economic reality describing the work gains from trade for individuals, firms, or nations, which arise from differences in their factor endowments or technological progress. Viewed as a 'positive' theory, the principle of comparative advantage yields predictions about the direction of trade, that each country exports the good in which it has the lower comparative opportunity cost ratio as defined by the technology in each country, and about the terms of trade, that it is bounded by these comparative cost ratios. From a 'normative' standpoint the principle implies that the citizens of each country become 'better off' as a result of trade, with the extent of the gains from trade depending upon the degree to which the terms of trade exceed the domestic comparative cost ratio (Findlay, 1991).

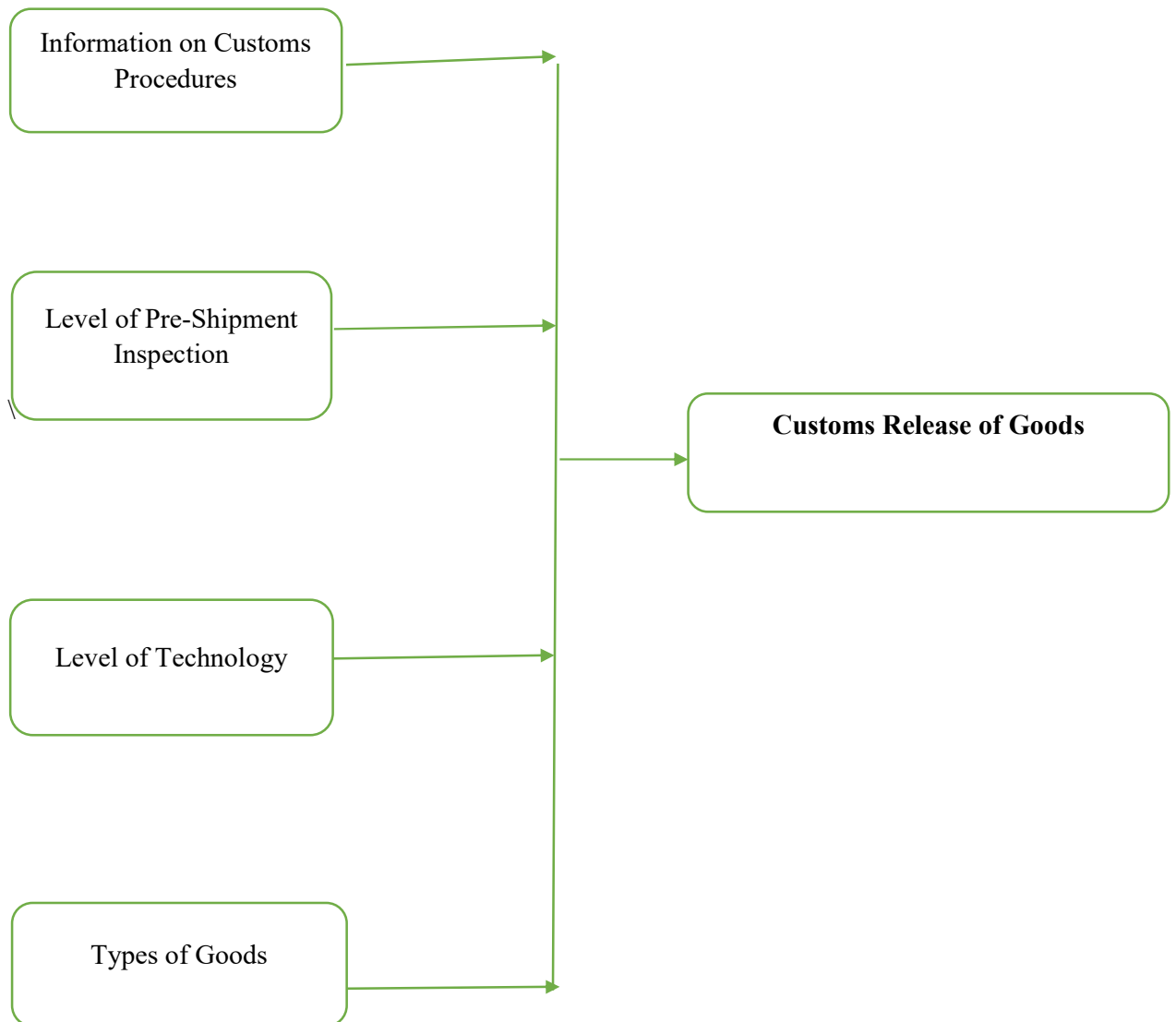
The direction and composition of trade between Kenya and Tanzania conform to the common belief that Kenya has a comparative advantage in industrial manufacturing, but its perennial food shortages make it a net importer of agricultural food commodities from her neighbors including Tanzania. Tanzania enjoys a good climate that allows for the cheaper production of

agricultural goods. Kenya enjoys a good manufacturing environment, a hardworking population and better infrastructure that give it a comparative advantage in the manufacturing sector.

2.3 Conceptual Framework

Independent Variables

Dependent Variable



2.4 Empirical Literature Review

2.4.1 Information on Customs procedures.

Customs clearance work involves preparation and submission of documentations required to facilitate export or imports into the country, representing client during customs examination, assessment and payment of duty and taking delivery of cargo from customs after clearance along with documents. Kenya Customs broker's needs to be familiar with the Kenya customs clearing tariff schedule, a listing of duty rates for imported items, and the regulations governing importations to Kenya. Kenya Customs brokers may need to advise importers regarding their imports, country of origin marking requirements or the precise paperwork requirements for a shipment subject to Kenya customs or Kenya bureau of standards' requirements, shipping and other logistics. With customs brokers' knowledge of the importation requirements of each type of shipment can avoid costly delays or seizure of the merchandise. Many customs brokers specialize in certain types of transactions, such as freight forwarding, clearing the crew and manifest of large cargo vessels (Kenya, 2015).

A good documentation system should exhibit efficiency and should have means and ways of detecting forgery, alteration or simple misrepresentation. According to the KRA departmental instruction on verification (No. 8,) documents are lodged on line at the document processing center for processing and collection of the relevant taxes before being re-routed to different releasing stations country wide for verification and release of goods (KRA Act, 1996).

The HS code interpretation is also seen as an issue and some challenges identified that include: The HS is relatively complex and difficult to implement without very extensive training, the HS does not provide stand-alone descriptors of its six-digit codes, definition of commodity groups in the HS is not always satisfactory for economic analysis, and it is

therefore necessary to develop various analytical classifications, frequent revisions of the HS result in the discontinuation or merging of some codes every five years. This causes breaks in time series needed for analytical purposes (Division, 2017).

Customs calculates duties based on the HS code of the product declared by the importer in the Bill of Entry (BOE). An incorrect HS code could result in higher or lower duty based on the tariff rate. The product code selected might also have a higher rate of total customs duty because of Anti-dumping (ADD) or safeguard duty or both, depending upon the origin of the goods. If the importer realizes the HS code declared in the BOE is incorrect, an amendment to the BOE is required. That can be expensive and time-consuming (Jain, 2015).

Generally information on customs and customs procedures is generally very hard to come by. What theoretical knowledge is there is offered by K.R.A. with limited or minimal practical application offered. Customs agents in the field gained their knowledge by shadowing someone more experienced than them in the field while customs officers were adequately trained and the constant application of such training further compliments their skills. Most importantly interpretation of the H.S. code can be a problem to many in the field with the exception of staff of the revenue authority.

2.4.2 Level of inspection to be done.

Pre-shipment inspection is the process is usually undertaken to confirm contents and possible issues at source prior to shipping of cargo to destination. The process is usually undertaken by pre-shipment inspection companies on behalf of customs administrations or standards bodies of the destination country. The process entails staff from the pre-shipment inspection companies usually resident in these countries visiting the factories and undertaking inspection of the goods prior to shipping. The process has to date been undertaken manually, the output of the process being a manually compiled inspection report. Additionally, the manual nature

of the process renders it laborious and slow for visual observation of all the items is necessary, at times necessitating removal of all the items to a podium irrespective of the size and form (Joseph K. Siror, 2010).

Except for imports exempted from PSI, the PSI company shall perform pre-shipment inspection on shipments of goods covered by the Import Declaration Form (IDF) in the country of export prior to export to Kenya to determine the quality, quantity, value, duties and taxes as follows: Detailed Quality Inspection of goods in Schedule Two, verification of comparative price of goods in Schedule Three, full detailed inspection of goods in Schedule Four, destination inspection of goods in Schedule Five, any type of inspection that the Commissioner may specify for the goods in Schedule Six (K.R.A, 2004).

Outward clearance from Kenya (Export) is quite uncomplicated. Major documentation will have been done at the point of loading (Mombasa or Nairobi). At the Border Point simple reconciliation is done to confirm exit and ensure that transit cargo is not dumped within Kenya. Clearance of imported goods in may involve various government agencies with different public service roles as well as standards. In bound trucks follow a queue, after clearance through the Kenya Revenue Authority (K.R.A). Each truck stops at the Lower Inward Gate, the driver presents two copies of Kenya Revenue Authority (K.R.A.) Bill of Entry C63 for recording truck number, the cargo description and allocation of an inward rotation number. The truck proceeds to the yard and stops at the gate entrance where the driver is issued with a parking invoice. On entering the yard each truck is then subjected to verification by the regulatory authorities (Styles, 2015).

A verification report, which must tally with the customs declaration, is inserted on the Tradex – Simba system by the Customs Officer. If the results of the designated verification procedure indicate any abnormalities then the customs will usually proceed for 100%

verification. Any discrepancies on value-quality-quantity or the finding of any undeclared items will lead to customs raising an offence for which the outcomes are varied and guided by the customs management act. If cargo was not verified / scanned or if the results of this was a clean bill, customs can issue a customs release order once it is confirmed that the delivery order obtained earlier is reflecting online (indicating the clearing agent for which the cargo was checked by customs is indeed to be released to this clearing agent)(Capital, 2015).

A 'Full Detailed Inspection' shall include: a physical inspection of the quality and quantity of the goods, such tests as may be necessary to determine compliance with specified standards, physical presence at the stuffing of containers and applying seals to full container loads and labels to all loose cargo, clearly indicating the PSI company that has inspected them, detailed verification of the price, physical presence at the stuffing of containers, sealing of all container loads with tamper proof numbered seals with the seal number recorded on the CCRF, all other information (such as FOB value) shall be determined from the invoice and other information supplied by the exporter or importer, as the case may be for the appropriate primary source of information, an estimation of the duties and taxes payable as per the currency specified in the invoice, on the CCRF (Customs Clean Report of Findings) shall be noted that a 'Full Detailed Inspection' has been conducted (K.R.A, 2004).

Other important agencies that affect the EAC's trade in Kenya include KEPHIS, which inspects plants and issues a plant import permit; KEBS, which tests and grades the quality of goods; KPA, which manages port charges; and the Kenya police, which provide security and inspect cargo by verifying legal documents. Others agencies include the Immigration Department, which issues work permits; KRB, which deals with the application of axle load specifications through the truck scales; and the Public Health Department, which inspects goods to ensure that they are fit for consumption (Augustus Muluvi, 2012).

The type of Pre-Shipment inspection warranted for a particular commodity will also affect release. Where it is deemed that the commodity would want further inspection in the form of laboratory tests will affect customs release. Where certificates of conformity are presented in good order will allow goods to pass quickly through customs. Where the entire contents of a container will warrant as opposed to just a sample is will also impact the customs release process.

2.4.3 Level of Technology.

In this case we shall focus on the on the internet, but the role of customs administrations in these areas is already very limited. To the extent that a transaction conducted over the Internet gives rise to a movement of physical commodities, that movement will in principle be subject to all the same procedures and controls as apply to transactions completed by traditional means. The principal effect of the Internet through its impact on commercial transactions is thus likely to be quantitative rather than qualitative, with the increased ease of international transacting giving a further boost to trade flows, especially in the form of small shipments that are burdensome to monitor (Keen, 2003).

The documentation will indicate a fraction of the actual value of goods, on which basis a customs valuation is done. Traditionally, customs has relied on various valuation methods, key being 'market survey' to obtain comparable values. This approach has worked well, especially with goods that are common in that market. However, with advanced technology, the market survey approach presents real challenges to customs authorities (Vincent Ongore, 2017).

New technology results in new products previously unavailable in the market. Take for example Kenya and other African countries' attitudes towards the importation and use of drones. Despite a lack of regulation this has not stopped people in attempting to bring them

into the country. With more than 100 drones being detained at the airport by Kenya Revenue Authority customs officials since March 2016 (Okoth, 2017).

Another area to explore is the Customs regulatory perspective to meet the current and emerging challenges, especially in the context of potential use of drones for cross-border delivery of illegal and legal goods. In the context of threats and/or illegal deliveries, drones themselves could potentially be used for air attacks from across the border. In addition to security concerns, another emerging threat is the potential use of drones for cross-border delivery of drugs and smuggling. In the US, 28 pounds of heroin were found to be smuggled across the border by using drones (Committee, 2016).

Similarly older technology can be a hindrance and a cause of delay in the actual release of goods. For example, the old Simba System (TRADEX) had to be overhauled because of various reasons such as: With Simba system Cargo clearance from the port of Mombasa was being slow, to minimize frequent system breakdowns as a result of so many systems being dependent on the same platform hence being slow, the old system used only one browser (Windows Explorer) which made it slow. The dependence on one browser made Simba unable to accommodate the new technological advancements, there were some manual processes which the Simba system could not undertake (Mukandi, 2017).

In Kenya the Simba system previously in operation had been blamed for revenue leaks and delays in customs release. The Simba System 2005/2014, ran on a multiplicity of sub-systems and required multiple points of authentication for users hence sometimes took more time. But with the new system, it is envisioned that clearance time for imports and exports will reduce by at least 60 per cent. For a long time, all EAC member states, except Kenya, have been using the Automated System for Customs Data (ASYCUDA) (Musyoki, 2017).

KRA also faced technological challenges. The X-ray scanner systems were purchased from China and it has been difficult to integrate them with other existing computerized systems because they run on proprietary hardware and software. This has undermined the realization of the full benefits of the X-ray scanner systems because it has not been integrated with other existing KRA systems. The Customs system also required integration with banks to enable traders to pay money directly at the banks instead of Customs cash office. But the banking systems, including the Central Bank systems were different from that of KRA and were supplied by a different vendor. This posed a challenge that required wide consultation and reworking of the existing systems. It was also a challenge to find local providers for the cargo tracking system because it's a technology that is new in the region. The customs web-based system christened Simba 2005 was also prone to security risks that were exploited by some traders who hacked into the system and logged in using other people's accounts and proceeded to carry out illegal transactions. Some staff tampered with the payment data as it is being transmitted from the bank to the customs system and committed fraudulent transactions. The payment system was subsequently reengineered to make it more secure (Agwa, 2010).

Technology is constantly changing and improving. Every day new gadgets are brought into markets, gadgets that previously were unheard of. An example would be unmanned aerial vehicles or drones whose use and importation in the country still remains unclear. On the other hand technology could compliment customs release through such things like scanners that offer a non-invasive way of inspecting goods, and not forgetting a faster way. However, without adequate resource input in terms of improving existing network infrastructure and training personnel on the use of this technology, technology becomes a hindrance to the customs release process.

2.4.4 Types of Goods

The volume and value of Kenya's exports to Tanzania form a significant portion to Kenya's total exports. Tanzania is very important to Kenyan exports accounting for 8.1 % of total exports and was ranked the 3rd largest market for Kenyan products in 2011. Trade between the two countries is expected to continue expanding subsequent to the current EAC integration process. Kenya's imports from Tanzania were valued at Kshs. 15.58 billion in 2011 an increase from Kshs 10.55 billion in 2010. Major import products from Tanzania that dominated in 2011 included Furnishing articles, Paper and paperboard, Maize, Electric transformers, Textiles, Rice, Animal products, Tubes and pipes Flour and meals of oil seeds & Vegetables among others (Export Promotion Council, 2014).

Perishable goods treatment the WTO legal texts state that: With a view to preventing avoidable loss or deterioration of perishable goods, and provided that all regulatory requirements have been met, each Member shall provide for the release of perishable goods under normal circumstances within the shortest possible time; and in exceptional circumstances where it would be appropriate to do so, outside the business hours of customs and other relevant authorities. Each Member shall give appropriate priority to perishable goods when scheduling any examinations that may be required. Each Member shall either arrange or allow an importer to arrange for the proper storage of perishable goods pending their release. The Member may require that any storage facilities arranged by the importer have been approved or designated by its relevant authorities. The movement of the goods to those storage facilities, including authorizations for the operator moving the goods, may be subject to the approval, where required, of the relevant authorities. The Member shall, where practicable and consistent with domestic legislation, upon the request of the importer, provide for any procedures necessary for release to take place at those storage facilities (Organization W. T., 2017).

Movement of livestock goods. The trader is then given the conditions of exporting livestock to the destination country by the veterinary authorities of that nation. The conditions are contained in an import permit issued by the importing country. An import permit is valid for 90 days and only for the consignment it is issued for. The type, number and source of the animals to be imported are specified in the import permit. After receiving the import permit, the export trader then sources from farmers the specific animals to be exported. In all cases, animals will be required to undergo disease tests specified in the import permit. The exporter will ensure that all the animals are individually tested by a certified laboratory and found to be free of disease. If quarantine for the animals is required, the exporter will ensure the animals are quarantined for the specified period. Quarantine is the isolation of the export animals from all others in an area free of any trade-sensitive disease. On completion of the quarantine, usually 30 to 90 days, the animals are examined and issued with an International Health Certificate (IHC) by a veterinary doctor certified by the Kenya Veterinary Board (KVB). The export trader then presents the IHC, import permit and the laboratory test results to an export/import documentation service provider approved by the Director of Veterinary Services to apply for an International Veterinary Certificate (IVC) which serves as the import permit for the livestock consignment (Mugachia, 2017).

The type of goods presented at customs has a bearing on customs release. In the case of Namanga border post goods of an agricultural nature are released quickly due to their perishability and so do transit goods and goods Manufactured Under Bond provided that their customs seal is intact. Different goods are treated differently by customs authorities, the type of goods could also determine the kind of inspection that is going to be carried out.

2.5 Critique of existing Literature

The existing literature fails to highlight the role played by types of goods in the customs operation or transaction. In her study on *The Causes of Delay in Clearance of Goods at the Port of Mombasa 2017* by Tabitha Wanyama the researcher focused on imports and did not take into account other goods regimes. It is worth noting that goods are either coming into the country (imports) leaving the country (exports) or passing through the country (transit goods). However, commodities that are well known or regularly traded are easier to deal with. In a case of cars it is easy for a layman to find out the valuation methods used by K.R.A for vehicles this information or procedure are further available on the websites of the various companies that deal with the import and export of vehicles. The literature assumes that clearing and forwarding agents are capable of clearing any good when the situation on the ground shows that agents have their areas of specialty. Research on clearance time and customs release of goods also fails into account government policy and policy changes on an area. For instance in 2018 the government of Kenya in an effort to fight dumping declared that all cargo going through Eldoret International Airport undergo 100% inspection another instance had been the import of unmanned aerial vehicles or drones into the country that has seen some of them held for a reasonable time at various customs warehouses attracting storing charges. Research carried out by Kwalia Owen Kesino on *The Impact of Adoption of Customs Electronic Procedures by Clearing and Forwarding Agents in Nairobi, Kenya* showed that the main difficulty encountered by Customs stakeholders in adopting the electronic lodgment was poor connectivity and frequency of server breakdown, a result of inadequate infrastructure or systems. Insufficient preparation by the government is perceived to have hampered implementation of IT-based measures.

2.6 Summary of the Review

This research compliments that done by Tabitha Wanyama and Kwalia Owen Kesino in the technological challenges that were facing customs department where equipment is identified as being too slow and old or outdated to handle the volume of transactions. Where server breakdowns are common a result of inadequate infrastructure and systems investment.

It further compliments research done on causes of delay at the port of Mombasa where clearing and forwarding agents have inadequate knowledge on customs procedure leading to frequent mistakes and rejection of entries.

2.7 Research Gap

Few studies have been carried in the area of customs clearance. Most studies in this area focused on the electronic procedures or element during the clearing process. Kwalia Owen Kesino (2012) had looked at the impact of adoption of customs electronic procedures by clearing and forwarding agents. A study carried out by Simiyu (2017) aimed to determine the influence of electronic customs management. Wanyama (2017) looked at or rather investigated the causes of delay in clearance of goods at the port of Mombasa she concluded that the causes in delays in the port were as a result of poor education and training of clearing agents, abandonment of goods due to poor pricing, a lack of automation at the port, a low level of mechanization, excessive bureaucracy and a poor road network. However, none of these studies addressed the factors affecting customs clearance at border posts and Namanga border post in particular.

CHAPTER THREE:

RESEARCH METHODOLOGY

3.1 Introduction

This chapter highlights the methods and procedures that were used by the researcher to carry out the study. It includes the survey research design, population, the sampling frame and techniques, data collection methods (instruments and procedures), and data analysis and presentation methods.

3.2 Research Design

According to Malhotra (2004), research design is a framework or blueprint for conducting a research project. It should clearly detail the procedural steps that are necessary to obtain the required information. Richey (2007) says that a research design handles matters such as selecting participants for the research and making for data collection the activities that compact the research process. This study adopted an exploratory research design. According to Burns and Busch (2006) exploratory research is referred to as gathering information in an informal and unstructured manner. This research design is conducted for a research problem where the researcher has no past data or only a few studies for reference.

3.3 Population

Research population is generally a large collection of individuals or objects that is the main focus of a scientific query. It is for the benefit of the population that researchers are done. However, due to the large sizes of populations, researchers often cannot test every individual in the population because it is too expensive and time consuming. This is the reason why researchers rely on sampling techniques. A research population is also known as a well-defined collection of individuals or objects within a certain population usually have a common binding characteristic or trait (Adan, 2010).

3.4 Sample

Sampling plan or sampling design is a definite schedule for gaining a sample from a given population (William, 2009). The researcher used purposive sampling for this research. Saunders et al (2009) defines purposive or judgmental sampling enables you to use your judgment to select cases that will best enable you to answer your research questions and to meet your objectives. This form of sample is often used when working with very small samples where you wish to select cases that are particularly informative. Hence, purposive sampling is a sampling method in which elements are chosen based on purpose of the study. It is for this reason that 30 clearing agents were selected for the research. The researcher targeted those agents and importers who were believed have wealth of experience in the clearing industry hence perceived to have information and greater insights relating to the problems causing delays in clearance of goods at the Namanga border post. Also targeted were K.R.A staff mainly the 30 customs officers stationed at Namanga and a senior manager.

3.5 Research Instrument.

The questionnaire was divided into four sections. Section one was designed to gather information on how lack information on the customs procedures and a lack of knowledge on the H.S. code affects the clearance time. Section two examined how technology has both enabled and acted as a barrier in terms of the clearance time. Section three gathered information on how level of pre-shipment inspection done also affects the clearance time. Section four looked at how the different types of goods at the border and how quick or slow is their clearance depending on their nature. The last section, section five examined how shipment release is a factor that would affect the customs clearance of goods at Namanga border post.

3.6 Data Collection

The researcher used primary sources of information to collect the data. Primary sources entail the use of semi-structured questionnaires comprising of both open-ended and closed-ended questions completed by target respondents. Primary data is data which has been collected by researcher himself, and is to be used for the first time. This data provides a raw form of information that can be tailored according to the need of study.

3.7 Data Analysis and Presentation

The data collected from the field was both qualitative and quantitative. The data was then checked for consistency, completeness and usefulness; this entailed field edits, data results validation and central editing. Quantitative data was analyzed using descriptive statistics. Descriptive statistics involved the use of absolute and relative (percentages) frequencies, measures of tendency and dispersion (mean and standard deviation respectively), and was used alongside the frequencies for Likert items.

3.8 Regression Model.

The statistical model for this research is presented as follows.

$$Y=A+Bx_1+Bx_2+Bx_3+Bx_4$$

Y- Dependent Variable

A – Constant

Bx1 – Independent Variable (Information on Customs Procedures)

Bx2 - Independent Variable (Level of Pre-shipment Inspection)

Bx3 - Independent Variable (Level of Technology)

Bx4 - Independent Variable (Types of Goods)

CHAPTER FOUR:

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents the findings on the factors affecting customs release of goods at Namanga border post. It gives the data analysis, presentation and interpretations. The data was analyzed using SPSS (Statistical Package for the Social Sciences) where frequencies, percentage as well as standard deviation guided the researcher to interpret the data.

4.2 Response Rate

The study targeted 61 respondents out of which 50 filled and returned their questionnaires. The return rate was 82.0 percent as presented in the table below

Table 4.2 1: Response Rate

	Number	Percentage (%)
Total questionnaires returned	50	82
Total questionnaires not returned	11	18
Total questionnaires	61	100

According to Edwards *et al* (2002), a questionnaire return rate of 80 % and above is satisfactory, while 60 percent – 80 percent return rate is quite satisfactory. A return rate below 60% is ‘barely acceptable’. A satisfactory questionnaire return rate is imperative to minimize assumptions in the study as well as diminish any bias, which could probably be brought out by a lower questionnaire return rate. The return rate for this study was therefore sufficient at over 80 %.

4.3 Findings and Discussions.

4.3.1 Information on customs procedures

42.9% of respondents agreed that they were knowledgeable in customs procedures as far as seized goods were concerned, another 28.6 % strongly agreed, 14.3% were not sure how they would handle the seized goods and the remaining 14.3% strongly disagreed indicating they had no idea how to handle seized goods by the customs authorities.

With respect to goods stored in a customs warehouse 14.3 % strongly agreed that they were comfortable with handling goods stored in the customs warehouse, a significant number of respondents at 57.1% agreed to being knowledgeable about goods stored in a customs warehouse, 14.3% disagreed and they did not know how to handle the goods stored in the customs warehouse the remaining 14.3% strongly disagreed and were not at all conversant on how to handle the goods stored in such a warehouse.

Table 4.3 1: Summarized Results for Information on Customs Procedures

Statements	A	SA	NS	D	SD
I am knowledgeable in customs procedures as far as release of seized goods is concerned	21 (42.9%)	14 (28.6%)	7 (14.3%)	0 -	7 (14.2%)
I am knowledgeable in customs procedures with respect to goods stored in a customs warehouse	29 (57.1%)	7 (14.3%)	0 -	7 (14.3%)	7 (14.3%)
I am totally conversant with the valuation methods of goods.	21 (42.9%)	7 (14.3%)	7 (14.3%)	14 (28.6%)	0 -
I am satisfied with the customs clearance procedures currently in	7 (14.2)	0 -	21 (42.9%)	21 (42.9%)	0 -

place					
I am comfortable with the use of the Harmonized System.	21 (42.9%)	0 -	29 (57.1%)	0 -	0 -
I am able to classify correctly new items in the market.	36 (71.4%)	0 -	7 (14.3%)	7 (14.3%)	0 -
I am able to use correct customs documentation for different goods	43 (85.7%)	0 -	7 (14.3%)	0 -	0 -
I know the documents to use should any disputes arise	29 (57.1%)	0 -	14 (28.6%)	0 -	7 (14.3%)
I can confidently fill out requisite customs documentation for exports and imports.	21 (42.9%)	0 -	29 (57.1%)	0 -	0 -

Key: A - Agree, SA – Strongly Agree, NS – Not Sure, D – Disagree, SD – Strongly Disagree

Concerning the valuation method used for goods 42.9% agreed that they were knowledgeable about the valuation method, 14.3% strongly agreed to be knowledgeable about the valuation method, 14.3% were not sure about the valuation method used by K.R.A while 28.6% completely disagreed concerning the valuation method used for goods.

14.3% of respondents were satisfied with the customs clearance procedures currently in place, 42.9% of respondents were however dissatisfied with clearance procedures currently in place while another 42.9% of respondents were not sure or were indifferent to the customs clearance procedures in place at the Namanga border post. When it came to the use of the Harmonized System respondents here fell into two clear categories those who could use it at 42.9% and those who were not sure about its use at 57.1%.

Concerning the classification of new items that appear in the market using the H.S code 71.4% of respondents agreed and said they were totally comfortable with classification of new items using the Harmonized System. 14.3% of respondents were not sure about this classification of new items and 14.3% disagreed and could not classify new items using the code.

Customs documentation did not pose a significant challenge to the clearance process because 85.7% of respondents agreed and were of the opinion that they could use correct customs documentation for different goods, while the remaining 14.3% were not sure about the correct customs documentation for different goods. When it came to dispute resolution it was noted that 57.1% of respondents agreed and were comfortable using any of the documents set out to settle a dispute. 28.6% of respondents were not sure about the documentation to use to settle a customs dispute while 14.3% strongly disagreed and hence had no idea on the documentation to settle a customs dispute.

For customs documentation for exports and imports responses were split fairly down the middle in that 57.1% of respondents were not sure about them while 42.9% agreed and were confident that they could use the customs documentation properly.

4.3.2 Level of Technology

Concerning the incorporation of technology in the clearing operations at the border 42.9% of respondents agreed that K.R.A had made the right step in this aspect, a similar proportion of respondents at 42.9% were however not sure that technology has been adequately put to use in this border post. The remaining 14.3% disagreed and were of the opinion technology had not been adequately used.

Concerning the ease with which respondents could use the current customs technology already in place respondents were clearly split in two a significant portion at 71.4% agreed that they could use this technology remaining 28.6% were not sure about its use.

Respondents were also asked to rate their colleagues in their use of current customs technology 42.9% agreed that their colleagues were comfortable using the technology, 42.9% were not sure about their colleagues' proficiency with this technology and 14.3% disagreed meaning that they were sure their colleagues could not adequately use the technology currently in place.

Respondents were asked to rate their client's knowledge on the customs technology in place 71.4% of respondents were not sure whether their clients were conversant with the technology in place, while 28.6% had clients conversant with this technology.

Table 4.3 2: Summarized Results for Level of Technology

Statement	A	SA	NS	D	SD
K.R.A has made adequate use of available technology in its border operations.	21 (42.9%)	0 -	21 (42.9%)	8 (14.2%)	0 -
I am very conversant with the current customs technology in place.	36 (71.4%)	0 -	14 (28.6%)	0 -	0 -

My colleagues are conversant with the current customs technology in place.	21 (42.9%)	0 -	21 (42.9%)	8 (14.2%)	0 -
My clients are conversant with the current customs technology in place.	14 (28.6%)	0 -	36 (71.4%)	0 -	0 -
The large volumes of transactions at times causes downtime.	21 (42.9%)	0 -	21 (42.9%)	8 (14.2%)	0 -
Poor network infrastructure is a cause of downtime.	29 (57.1%)	0 -	21 (42.9%)	0 -	0 -
Obsolete machines also cause downtime.	21 (42.9%)	14 (28.6%)	7 (14.3%)	7 (14.2%)	0 -
Technology poses a challenge in as far as classification of new goods.	14 (28.6%)	7 (14.3%)	29 (57.1%)	0 -	0 -
Technology at times is a challenge during the clearance process.	21 (42.9%)	7 (14.3%)	7 (14.3%)	15 (28.5%)	0 -

Key: A - Agree, SA – Strongly Agree, NS – Not Sure, D – Disagree, SD – Strongly Disagree

Also of interest was the frequent downtime witnessed at this border post and the causes of it. 42.9% of respondents agreed that it was caused by the large volume of transactions, 42.9% of respondents could not tell the cause of the downtime while 14.3% of respondents were not sure what caused this downtime.

The researcher looked at poor network infrastructure as a cause of downtime. Respondents here were clearly split down the middle 42.9% were not sure if the poor network was a cause of downtime while the remaining 57.1% of respondents agreed that the poor network was a major cause of the system downtime.

Obsolete machines were also examined as a cause of downtime it emerged that 42.9% of respondents agreed that this was a cause of downtime, 28.6% of respondents strongly agreed with this observation, 14.3% were not sure that the machinery was the issue while the remaining 14.3% disagreed with this observation.

Classification of new technological goods was also looked at, by new technological goods the researcher meant things like drones whose use and importation is under scrutiny. 14.3% of respondents strongly agreed that new technology was a limiting factor, 28.6% were agreed that new technology was a challenge and the remaining 57.1% were not sure if new technology was a challenge at all in the classification process.

Overall the researcher examined technology as a challenge in itself in the customs clearance process it emerged that 14.3% of respondents strongly agreed that technology was a challenge, 42.9% agreed that it was a challenge, 14.3% were not sure whether technology was really a challenge at all and 28.6% disagreed that technology was creating a challenge in the clearing process carried out by customs.

4.3.3 Level of Inspection

The researcher tried to gauge the satisfaction of users of the Namanga Border Post as regards the level of inspection that was carried out there. 42.9% of respondents agreed that they were satisfied with the level of inspection done, 28.6% were not sure about the inspection, 14.3% disagreed and were not satisfied with the level of inspection and another 14.3% strongly disagreed and were dissatisfied with the inspection done at this border post.

Concerning how the inspection process impacted the clearance time 85.7% of respondents agreed with this assessment and the remaining 14.3% strongly agreed with this assessment.

Companies charged with doing pre-shipment inspection were also examined. Respondents were asked to state whether those companies were doing a good job. 42.9% of respondents thought the companies were doing a great job, 28.6% of respondents were not sure and 28.6% disagreed that these companies were doing a great job.

Concerning the inspection done during inward clearance it was discovered that 14.3% agreed that they were satisfied with the inspection, 14.3% strongly agreed with this observation, 28.6% of respondents were not sure at all about inspection done during inward clearance and 42.9% of the respondents disagreed meaning they were unsatisfied with the inspection conducted during inward clearance.

Table 4.3 3: Summarized Results for Level of Pre-Shipment Inspection

Statement	A	SA	NS	D	SD
I am satisfied with the level of inspection done at the Kenyan border posts.	21 (42.9%)	0 -	14 (28.6%)	7 (14.3%)	7 (14.3%)
Inspection affects the clearance time.	43 (85.7%)	7 (14.3%)	0 -	0 -	0 -
Companies charged to do Pre Shipment Inspection are doing a good job.	21 (42.9%)	0 -	14 (28.6%)	14 (28.6%)	0 -
I am satisfied with the inspection done during inward clearance.	7 (14.3%)	7 (14.3%)	14 (28.6%)	21 (42.9%)	0 -
I am satisfied with the inspection done during outward clearance.	7 (14.3%)	7 (14.3%)	14 (28.6%)	21 (42.9%)	0 -

Key: A - Agree, SA – Strongly Agree, NS – Not Sure, D – Disagree, SD – Strongly Disagree

Outward clearance operations were also looked at 14.3% agreed that they were satisfied with the inspection, 14.3% strongly agreed with this observation, 28.6% of respondents were not sure at all about inspection done during outward clearance and 42.9% of the respondents disagreed meaning they were unsatisfied with the inspection conducted during outward clearance.

4.3.4 Types of Goods

Respondents were asked to say how satisfied they were with the time taken to clear goods at the border post it emerged that. 42.9% of respondents agreed and were satisfied with the period it took customs to clear goods from the border post, 14.3% were not sure about time taken to clear goods, 28.6% of respondents disagreed meaning they were unsatisfied with time taken to clear goods at this border post while 14.3% also strongly disagreed.

Table 4.3 4: Summarized Results for Types of Goods

Statement	A	SA	NS	D	SD
I am satisfied with the time taken to clear goods at the border post.	21 (42.9%)	0 -	7 (14.3%)	14 (28.6%)	7 (14.3%)
Type of goods determines the inspection to be done.	21 (42.9%)	14 (28.6%)	14 (28.6%)	0 -	0 -
Transit goods are cleared faster	29 (57.1%)	0 -	21 (42.9%)	0 -	0 -
Perishable goods also enjoy a shorter clearance time	36 (71.4%)	14 (28.6%)	0 -	0 -	0 -

The researcher sought to find out how different types of goods influence the inspection that is going to be carried out on them. 42.9% of the population agreed that types of goods determined inspection to be done, 28.6% of the respondents strongly agreed with this observation while 28.6% of respondents were not sure how the type of goods determines the inspection to be done.

Concerning the ease with which transit goods are cleared from Namanga border post respondents at 57.1% agreed that transit goods are cleared faster while 42.9% were not sure and could not point out whether transit goods were accorded faster clearance. With regards to perishable goods respondents generally agreed that these were given priority and cleared faster. 71.4% of respondents agreed with this observation while 28.6% of respondents strongly agreed with this observation.

4.4 Summary of Descriptive Statistics

	Minimum	Maximum	Mean	Std. Deviation
Customs Release	1.22	3.56	7.160000	1.7314517
Knowledge	1.67	3.00	2.2600	.91599
Inspection	1.00	3.33	2.3350	.84275
Technology	1.00	2.33	2.1483	.50823
Goods	1.00	3.33	1.6667	.59480

This table shows us that or indicates that all variables are scattered around the mean.

Correlation Analysis

Table 4.4 1: Correlation Analysis

		Information Customs Procedures	Technology	Inspection	Goods Type	Shipment Release
Information Customs Procedures	Pearson Correlation	1	.769	.134	.299	.783
	Sig. (2- tailed)		.074	.800	.565	.066
Technology	Pearson Correlation	.769	1	-.121	.244	.698
	Sig. (2- tailed)	.074		.820	.642	.123
Inspection	Pearson Correlation	.134	-.121	1	.884*	.444
	Sig. (2- tailed)	.800	.820		.019	.378
Goods Type	Pearson Correlation	.299	.244	.884*	1	.628
	Sig. (2- tailed)	.565	.642	.019		.182
Shipment Release	Pearson Correlation	.783	.698	.444	.628	1
	Sig. (2- tailed)	.066	.123	.378	.182	

Correlation was used to test out the strength between the strength of association between variables. They give a good way to compare associations across a number of procedures. The top number in each cell is the Pearson correlation, the second number is the probability value associated with the significant test for correlation. Values marked by a star indicates that the two variables in question do correlate. Therefore from the above data there is a correlation between the types of goods and the inspection done at the border post. 0 means that there is no linear relationship while 1 indicates a perfect relationship.

Table 4.4 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.847 ^a	.718	.647	1.0280717

This model summary gives the multiple correlation between all variables, the capital R in the second column indicates what the correlation is between all of the variables together the values here are .847 which is a significant correlation because the correlation is between 0 and 1. The adjusted R Square is a proportion of the variables that can be predicted by the independent variable at .718 this tells us that 71.8% of the variance of the dependent variable (customs release) is explained by the independent variables.

Table 4.4 3: Regression Analysis.

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.540	1.210		2.927	.043
	Knowledge	1.602	.502	.847	3.191	.033
	Level of Pre Shipment	1.294	.139	.685	9.334	.003
	Level of Technology	1.301	.436	.101	2.984	0.51
	Goods	1.578	.214	.542	7.388	.005

The column “Sig.” holds the significant variables for our independent variables. As a rule of thumb, we say that a b coefficient is statistically significant if its p-value is smaller than 0.05. From the above analysis we can see that most of our variables are statistically significant with p-values less than 0.05. However, the level of technology is statistically insignificant it holds a p-value that is greater than 0.05 at 0.51. Further there is a positive correlation between all our variables.

Table 4.4 4: ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	10.762	1	10.762	10.182	.033 ^b
	Residual	4.228	4	1.057		
	Total	14.990	5			

This table provides a statistical hypothesis test for whether this entire model can predict better than 0% and that answer is in the affirmative. This is indicated by the values at the extreme right, if that number is less than 0.5 then the model is statistically significant as a whole. The

figure on the extreme right is 0.33 which is less than 0.5 indicating to us that the model is statistically significant.

CHAPTER FIVE:

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The following chapter concludes this report. A summary of the research is presented, and findings of the study discussed and interpreted. This chapter presents summary of research work undertaken, conclusions drawn and recommendations made.

5.2 Findings

The analysis of the data collected shows that majority of the clearing agents were not entirely conversant with the clearing procedures and lacked adequate knowledge. With such people in the field you do not expect perfect work since most of them will be making unnecessary mistakes during declaration which will subject the documents to rejections and more time taken to clear goods. More time clearing goods means operational costs will rise which will then be passed on to the consumer making the goods more expensive. Lack of smooth flow of documentation process was also found to be contributing factor affecting the clearance of goods at the border post.

Technology was identified as a factor that could both speed up the clearance process and also could slow down the clearance of goods. New technology items coming into the market pose a challenge. The emergence of drones has emerged as one such challenge. Furthermore at the border post there was observed frequent system downtime the exact cause of this could not be determined. The downtime could not be attributed to the large volumes of transactions or the nature of machines used. However, users of the border post are tech savvy and called for collaboration with K.R.A and other stakeholders to produce a mobile application to make work easier.

Inspection is a factor that clearly affects the release of goods at this border post. It is determined by the nature of goods and the forms accompanying them. Facilities for inspection are adequate with a shelter provided in case of unfavorable weather. Most of the goods observed during this inspection period were of an agricultural nature mainly fruits like oranges and grapes and goods produced for export to other countries. For the agricultural goods the goods are “*sighted*” for goods destined for export more detailed inspection is done. Majority of the respondents were satisfied with the inspection process at the border post.

Types of goods is also another factor that contributed to the clearance of goods at Namanga Border post. Perishable goods were afforded priority so that they do not rot and so that they reach their market destinations on time in the spirit of facilitating trade. Goods manufactured under bond are also afforded a faster clearance time especially where the customs seal has not been tampered with.

5.2 Summary.

Lack of information or knowledge or knowledge regarding customs procedures leads to more time taken to clear goods. Operational costs like storage and transportation increase such costs are then passed on to the consumer. This makes the cost of the final goods more expensive than they should be or when compared to similar goods in other markets.

Regarding technology the frequent downtime witnessed at the border post is a hindrance to the clearance. Introduction of scanners could also be done at the port, they are less invasive, faster and allow for the inspection of the entire consignment. Technology is factor that can be used to compliment the clearance process at any border post not just Namanga.

Inspection is the factor with the greatest influence on the customs clearance process. Most goods coming through this border are of an agricultural nature and are perishable, transit goods, goods manufactured in the Export Processing Zones and those manufactured under

bond. Goods are *sighted* at the border, all stakeholders interviewed were satisfied with the inspection process.

The type of goods brought to the body also determines the customs release time and also determines the rest of the clearance operations to be done to affect release. The goods type affects the information available on customs procedures for all parties present, the level of inspection to be done by the relevant authorities and also the type of technology to be used in the release process. It is worth noting that not all goods may fit into a scanner or container and some goods will actually require laboratory testing that takes time.

5.3 Conclusion.

Although the members of staff are technically trained refresher courses are necessary to keep them abreast of changes within the global market and international trade. Deployment of more members of staff is necessary to meet the needs of the border post. KRA gives authorization for one to operate as a clearing agent, it is therefore the duty of the authority to ensure that they license people with credibility and proper knowledge of the clearing procedures and policies.

The nature of inspection carried out is a factor that contributes immensely to clearance of goods. It is an area of significant improvement if one wants to improve the performance of this border post. Adoption of a scanner would aid in this aspect without it there is proliferation of counterfeits and other illicit goods. Sighting though adequate involves a customs agent moving from his station to actually go see the goods. He or she may not be properly able to ascertain the contents of the entire shipment.

The types of goods brought through the border post is also another factor that determines clearance. Perishable goods and goods destined for transit will enjoy a quicker clearance time. Therefore the two most important factors affecting customs release of goods at

Namanga Border post are the kind of inspection that is done to one's shipment and the type of goods one will attempt to get across the border.

This research project supports the findings of the project Cause of delay in clearance of goods at the port of Mombasa by Tabitha Wanyama and The impact of adoption of electronic procedures by clearing and forwarding agents in Nairobi, Kenya by Kwalia Owen Kesino.

5.4 Recommendations

5.4.1 Information on Customs Procedures

From the findings I recommend increase the knowledge of clearing agents by conducting regular trainings, since it is K.R.A. that gives authority for someone to operate as a clearing agent, it is the duty of the authority to ensure that they license people with credibility and proper knowledge of the clearing procedures and policies.

5.4.2 Level of Technology

Concerning technology more emphasis should be made on the use of IT, purchase of scanners, procurement of adequate infrastructure, harmonize existing systems and procedures and carry out proper training of both internal and external users of this technology. This is because IT system is used as a trade facilitator and trade facilitation is now recognized as a key driving factor in determining export competitiveness of a country.

5.4.3 Level of Pre-Shipment Inspection

For the level of inspection it is recommended that the authority installs a scanner at the border post. The volume of goods coming through the border is small. Furthermore, it is the researcher's belief that all goods can be scanned. This will automate operations, save time and reduce instances of smuggling along this border.

5.5 Suggestions for future research.

A similar study can be undertaken in other one stop border posts like Busia and Malaba among other that are involved in import and exports of other commodities not mainly agricultural commodities of a perishable nature and transit goods.

Another study involving a larger population and sample to reflect the strategies that other border posts in the world have undertaken to enable them faster customs clearance and establish what needs to be implemented to hasten the clearance.

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Appendix

Sample Questionnaire

Instructions: Please complete the following questions to reflect your opinions as accurately as possible and to answer questions to the best of your knowledge. Your information will be kept strictly confidential.

Number	Questions	1	2	3	4	5
Lack of information on customs procedure						
1	How familiar are you with customs procedures?					
2	How familiar are you with the H.S code?					
3	How often are entries rejected because of the wrong H.S code?					
4	How knowledgeable are you on customs documentation?					
5	How complex are the clearance procedures compared to other states?					
Level of technology						
1	How effective is technology in the clearing process?					
2	Are you conversant with the current technology in place?					
3	Does the system experience down time?					
4	Do new technological products pose a problem during clearance?					
5	Is new technology too complicated in its use?					
Level of Pre-Shipment Inspection						
1	How thorough is the inspection done?					
2	Does the inspection affect clearance time?					
3	Does PSI speed up clearance time?					
4	How necessary is inspection?					

5	Does the inspection result in collection of more duties?					
Types of goods						
1	Do goods types affect clearance time?					
2	How fast are transit goods cleared?					
3	How fast are perishable goods cleared?					
4	Do the type of goods determine the inspection to be done?					
5	What do you think of the clearance times for the goods passing through this post?					

1 –Not Fair

2- Fair

3- Good

4- Very Good

5–Excellent

