

**DETERMINANTS OF CROSS-BORDER TRADE FACILITATION AT NAMANGA
ONE-STOP-BORDER-POINT**

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DECLARATION

This project is my original work and has not been presented for a postgraduate diploma in any other academic institution.

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HDB335-C016-6722/2016

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Signature

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Date

This project has been submitted for examination with my approval as the Supervisor

MR. BENARD OBONGO

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Signature

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Date

DEDICATION

I dedicate this research work to my late father Mr. Patrick Elisha Ouma, my mother Mrs.

Syprosa Patrick Ouma, my little son Hoffnung Dennis Ochieng' Ouma Jr. and the mother of my

little boy, Emma Nyagaki. Thank you all for the continued support and prayers.

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ABSTRACT

The objective of this study was to establish the determinants of cross-border trade facilitation at the Namanga One-Stop-Border-Point. Using an inferential research design with a study sample of 110 respondents, the study was able to achieve its objective. Cross border trade has been a common point of discussion when discussing international trade for years. Exporting and importing giants such as the United States of America are already rolling out programs to facilitate this type of trade. For instance, the United States' Customs and Border Protection (CBP) is currently using the Revenue Modernization (Rev Mod) program that seeks to enhance efficiency at the border for traders and travelers. Rapid advancement in technology has seen developing economies also appreciate the significance of facilitating cross-border trade. However, most of these nations form economic blocs that end up defining their cross-border trading activities. For example the East Africa Community (EAC) has the common market protocol that directs the member states' customs control measures. This research sought to find out the determinants of the cross-border trade facilitation at Namanga which is one of the customs area gazetted by the KRA commissioner's office. The research had three independent variables that included: joint verification of goods with neighboring country's customs, examination of goods by other local government agencies, and use of automated customs procedures. The dependent variable for the study was cross-border trade facilitation at the Namanga OSBP. Questionnaires administered to the respondent were the key data collection tool for this research. 110 questionnaires were given out, and only 78 were responsive. However, analysis of statistics from relevant authorities such as the World Bank and Kenya Revenue Authority also played an integral role in availing information used in achieving the research objectives. The research established that the three independent variables (joint verification of goods with neighboring country's customs, examination of goods by other local government agencies, and use of automated customs procedures) are directly related and influence the dependent variable (cross-border trade facilitation at the Namanga OSBP).

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LIST OF ABBREVIATIONS AND ACRONYMS

AEO-	Authorized Economic Operator
AGOA-	African Growth and Opportunity Act
ANOVA-	Analysis of Variance
CBK-	Central Bank of Kenya
CBCD-	Customs and Border Control Department
CBP-	Customs and Border Protection
COMESA-	Common Market for East and Southern Africa
EAC-	East African Community
EACCM-	East African Community Common Market
EACCMA-	East African Community Customs Management Act
EACCU-	East African Community Customs Union
EPA-	Economic Partnership Agreements
EU-	European Union
GDP-	Gross Domestic Product
ICD-	Inland Container Depot
IGAD-	Inter Governmental Authority on Development
KRA-	Kenya Revenue Authority
NTB-	Non Tariff Barriers
OSBP-	One Stop Border Post
REC-	Regional Economic Cooperation
VAT-	Value Added Tax
WCO-	World Customs Organization

DEFINITION OF TERMS

African Growth and Opportunity Act- A piece of legislation that was approved by the U.S. Congress in May 2000 to assist the economies of sub-Saharan Africa and to improve economic relations between the United States and the region (Ndunda, 2013).

Authorized Economic Operator- a party involved in the international movement of goods, in whatever function, that has been approved by, or on behalf of, a national Customs administration as complying with WCO security standards (Kautonen, van Gelderen, & Fink, 2015).

Customs Control- 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 (Burns & Grove, 2001).

Customs Revenue- The revenue collected by customs from customs duties and other levies (Teknomo, 2016).

Customs Value- The value of goods as appraised by customs for the purpose of duty calculation (Teknomo, 2016)

Customs Valuation- a customs procedure applied to determine the customs value of goods (Burns & Grove, 2001)

Financial Year- A year as reckoned for accounting, budgeting, and taxing (Teknomo, 2016).

CHAPTER ONE

INTRODUCTION

1.1 Background of Study

Advancement in technology has seen globalization penetrate into various aspects of human life in the current century. The world's biggest economies, The Republic of China and The United States of America, acknowledge the importance of cross-border trade by showing their interest in penetrating through wider markets across continents (Mattoo, Wang, & Wei, 2013). The rate of international trade has improved as many under-developed and developing countries thrive to get involved in the global trade. In the 21st century, every African country is at least a member of one economic bloc. This proliferation of regional economic corporations (RECs) partly indicates that the issue of regional integration is very crucial for African countries. This is not surprising given that about 35% of the population and one-third of the economies in the continent are trapped as landlocked countries whose trade and development depend on what happens in their coastal neighbors (Fadahunsi & Rosa, 2002).

The formation of integration blocs is one sign of the need for cross-border trade among countries. One of the reasons why cross-border trade proves to be important in Africa is the fact that a third of the countries in the continent are landlocked. Therefore, facilitation of cross-border trade would help the locked nations enhance their global trade through the coastal ports of their neighbors (Ackello-Ogut, 1996). The global, regional, and local perspectives are all crucial when illustrating the role of integrations and customs control in cross-border trade facilitation.

1.1.1 Global Perspective of Cross-Border Trade Facilitation

As per 2017 statistics, the United States of America was ranked second with regards to exports after China. While China was leading with \$2.26 trillion, the United States exported goods worth \$1.55 trillion in 2017 (Eurostat, 2018). The data illustrates the magnitude of value in international trade for the world's biggest economies. In 2016, the United States made exports worth \$1.95 trillion and imports worth \$1.29 trillion (Eurostat, 2018). The U.S. has had good records in dealing with other countries in terms of both exports and import. For instance, the U.S. was the largest importer in the world in 2016 when it accounted for 18% of total imports made in the world. The European Union (EU) followed with 15% (Eurostat, 2018). According to Forbes, Mexico has become the leading cross-border trade partner for the U.S. accounting for 15% of the trade.

The value of economic blocs is also illustrated in an analysis of the international trade in the United States. Data shows that among the trading partners of the EU, the U.S. was the largest partner regarding exports in 2017. Germany, a member state of the EU was the top exporter of goods into the American market. On the other hand, the United Kingdom was the largest importer of goods from America in 2017 (Eurostat, 2018). Note that the UK is still a member state of the EU awaiting withdrawal following the 23 June 2016 Brexit Referendum. The facts show the value of cross-border trade thus its importance to economies of countries.

The Bureau of Customs and Border Protection (CBP) is an integral part of the success the United States has enjoyed in cross-border trade. Formed in 1789 as the United States Customs Service, the bureau later changed its name to what it is now in 2013 on the formation of the US Department of Homeland Security. The Bureau of Customs and Border Protection is parented by the Department of Homeland Security. CBP has been undertaking several projects that would

help it in enhancing its ability to carry out its roles and achieving goals. One of the programs is the Revenue Modernization (Rev Mod) that is being rolled out gradually since it is in phases. The key objective of this program is to benefit travelers and companies engaging in cross-border trade in the United States. The objective is to be achieved through simplification of collection processes, modernization of billing through electronic procedures, and enhanced operational efficiencies at the entry points. The adoption of the Rev Mod explains the importance of improved customs procedures in cross-border trade facilitation.

1.1.2 Regional Perspective of Cross-Border Trade

The East African Community is an intergovernmental organization composed of six countries in the Eastern Africa region. The member states include Burundi, Kenya, Rwanda, South Sudan, Tanzania, and Uganda. Kenya, Tanzania, and Uganda have cooperated with each other since the early 20th century. The customs union between Kenya and Uganda in 1917, which Tanganyika joined in 1927, was followed by the East African High Commission (EAHC) from 1948 to 1961, the East African Common Services Organization (EACSO) from 1961 to 1967, and the EAC from 1967 to 1977 when it collapsed. The EAC was revived on 7th of July 2000, then Burundi and Rwanda joined the EAC on 6 July 2009. The EAC aimed at strengthening the ties between the members through a common market, a common customs tariff, and a range of public services to achieve balanced economic growth within the region.

According to a report released in March 2019, trade among the member states of the East African community has declined by 31%. Economists and other experts in the field blame the outcome on the introduction of numerous non-tariff barriers by the member states. The formation of the EAC Bloc helped in reducing a lot of tariff barriers that hindered the member states from engaging in cross-border trade. However, political and economic tension among different east

African countries has led some states into imposing non-tariff barriers on goods from some neighboring nations. Another reason for the declining trade among the member states of EAC is the increased importation of goods from Asia. The commission ordered by the U.N to study Africa's economic matters, UNECA, established that intra-regional trade in East-Africa reduced to \$2,4billion in 2017, from 2013's \$3.5billion (Riedel & Slany, 2018).

The formation of the EAC has enhanced the cross-border trade among the member countries in different ways. For instance, cross-border maize trade between Kenya and Tanzania in 2016 reached a record high in ten years (Bouët, Pace, & Glauber, 2018). The same partner was recorded with Uganda. However, the EAC has admitted decreased cross-border trade between Kenya and Tanzania in some goods such as rice and sugar (Bouët, Pace, & Glauber, 2018). One of the most important instruments that are believed to bring about advances in regional integration in the continent is a sustained growth in intra-Africa trade. However, the performance to date is very modest. This poor performance casts doubt, even with the existence of any potential for intra-Africa trade.

1.1.3. National Perspective of Cross-Border Trade

The Kenya Revenue Authority (KRA) is a parastatal of the Kenyan Government that is tasked with revenue collection from domestic taxes, excise duty, and customs levies. It was formed in 1995 under the KRA Act Cap 469 making it a government agency in charge of revenue collection. One of the revenue collection departments in KRA is the Customs and Border Control Department (CBCD). Its key task is to administer the East Africa Community Customs Management Act 2004 (EACCMA, 2004). However, other acts meant for revenue collections are also administered by CBCD. They include the value added tax (VAT) Act 2013, Excise Duty Act 2015, and the Miscellaneous Act 2016. The department also collects revenue for other

agencies that relate to cargo such as the Kenya Airports Authority (KAA) and the railways authority. Some of the additional levies collected by CBCD include the railway development levy (RDL), petroleum development levy, the road maintenance levy, and KAA concession fees. As for the year 2017, the customs department accounted for aggregately 35% of the total revenue collected by the KRA in that financial year (Mugambi, 2017). Statistics prove this department is integral for KRA to achieve its annual targets.

As technological advancements are witnessed globally, the CBCD has also been keen in adopting key adjustments to its operational systems. One of the great milestones for the department was the implementation of the Simba 2005 System, also called Tradex. The system is a web-based application that has helped the tax-collector in automating most of its operations. Tradex replaced the initial system that was partially automated called Boffin. The establishment of the Document Processing Centre (DPC) also marked a key step in the modernization of the customs department. The DPC replaced the Long Rooms that were common in all customs offices across the country. All the validation and processing of documents are delegated to the DPC which serves as an online center for all the customs documentations. Other reforms in the CBCD include the use of Electronic Cargo Tracking System (ECTS), the launch of the Integrated Customs Management System (ICMS), the introduction of the Authorized Economic Operator (AEO) status, and the launch of the Pre-Arrival Clearance Program. The reforms seen within CBCD are aimed at enhancing the department's performance in achieving its goals (Mugambi, 2017). Some of the goals of customs are to facilitate trade, protect the society, and collection of statistics. Therefore, it is perceived that the reforms within the CBCD are also meant to help in cross-border trade facilitation.

1.2 Statement of the Problem

Statistics show a decreased rate of cross-border trade between Kenya and Tanzania. In 2017 the rate of cross-border trade between the two neighboring countries decreased by nearly thirty percent (Riedel & Slany, 2018). Data from EAC showed that maize trade between Kenya and Tanzania reached a record high in 2016 after a ten-year review. However, statements from the EAC in late 2017 and early 2018 show the community is worried about reducing trends in trade between the two countries (Riedel & Slany, 2018). On his article posted on the East African Magazine, Mugisha (2019) notes that Tanzania recorded the worst reduction in intra-regional trade within the EAC community- from \$1.1 billion (as at 2013) to \$318 million in 2017. During the same period, Kenya's intra-EAC export value also reduced by \$0.5 billion. The changing pattern experienced during this period is largely blamed on the sugar shortage faced in Kenya in 2017. The Kenyan government resolved to importing sugar at a zero tariff from EAC non-member countries. The move forced Tanzania to restrict importation of sugar from Kenya and Uganda as the zero-tariffed sugar would have killed the local manufacturers.

Customs departments of different countries have been key players in enabling the growth of integration blocs. Various customs control techniques are usually employed to enhance trade among the member countries while the non-member states face some regulations. The EAC is a perfect example of an integration that seeks to enhance cross-border trade among its member nations. However, the bloc has not managed to adequately facilitate trade between Kenya and Tanzania. The case of Namanga OSBP is a representation of the Kenya-Tanzania situation.

The challenge of reduced cross-border trade is a problem because it lowers the economic growth of the affected countries, and it also affects the welfare of the traders dealing with the affected commodities. The economy of a country might be affected negatively when the nation's cross-

border trading activities are not facilitated because some of the affected commodities have a significant value in the countries balance of trade. Secondly, the lowered cross-border trade is likely to affect the welfare of the citizens of the two countries in question as there are traders who earn a living from the cross-border commercial activities (Riedel & Slany, 2018). Therefore, the study established the determinants of cross-border trade facilitation at the Namanga OSBP so that the problem is solved.

1.3 Research Objectives

1.3.1 General Research Objective

The general objective of this research was to establish the determinants of cross-border trade facilitation at the Namanga One-Stop-Border-Point.

1.3.2 Specific Research Objectives

- i. To find out the influence of joint verification of goods with the neighboring country's customs officers on cross-border trade facilitation at the Namanga One-Stop-Border-Point.
- ii. To determine the effects of examination of goods by other local government agencies on cross-border trade facilitation at the Namanga One-Stop-Border-Point
- iii. To establish the effects of automated customs procedures on cross-border trade facilitation at the Namanga One-Stop-Border-Point.

1.4 Research Questions

The following three research questions are formulated to help in achieving the study objectives mentioned above:

- i. How does joint verification of goods with the neighboring country's customs officers affect cross-border trade facilitation at the Namanga One-Stop-Border-Point?
- ii. How does examination of goods by other local government agencies affect cross-border trade facilitation at the Namanga One-Stop-Border-Point?
- iii. How do automated customs procedures affect cross-border trade facilitation at the Namanga One-Stop-Border-Point?

1.5 Justification of the Study

Trade is an integral part of any society; it enhances the welfare of the people. It is of concern that trade between Kenya and Tanzania is facing hindrances when looking at some commodities. Kenya and Tanzania were leading in GDP in the EAC as at 2016 with USD 69 billion and USD 49 billion respectively (Eurostat, 2018). Therefore, there was need to establish the determinants of trade facilitation between the two countries since they have the potential of having bilateral trades of high values. The findings of this study are useful to the customs authorities from Kenya and Tanzania since it gives them ideas of how to facilitate trade between the two countries which is one of their key roles. The Kenyan government can also utilize the findings of this research when making presentations to the EAC on policies that would help in enhancing the welfare of her citizens. For instance, the government has the obligation of making sure the welfare of Kenyan traders and farmers are taken care of adequately. Future researchers may also use the findings of this study to support their works especially when looking at topics attached to customs and cross-border trade.

1.6 Scope of the Study

According to Teknomo (2016), the scope of a study presents that problem that the researcher seeks to solve by doing the research. The research established the determinants of cross-border

trade facilitation at the Namanga OSBP. The objective of this study was achieved through studying patterns of trade and customs activities across the Kenya-Tanzania Namanga Border. The study used statistics obtained from KRA customs officers stationed at the Namanga OSBP, information from common traders in the region, and data from clearing and forwarding agents frequenting the Namanga OSBP. The choice of case study was justified by the fact that Namanga is one of the busiest entry points along the Kenyan boundaries. The choice of study area was chosen based on the ease of data collection using questionnaires when the focus is on the small area. It was also crucial to narrow down to a case study for the purpose of efficiency and accuracy in data collection and analysis.

1.7 Limitations of the Study

One of the limiting factors for this research was financial constraints. The project was solely funded by the researcher with technical support from a few institutions such as the Kenya School of Revenue Administration (KESRA) and the Customs and Border Control Department of KRA. Secondly, some respondents were hostile to the interviewer as they thought some of their tricks would be revealed when they give out a lot of details concerning their operations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The following chapter is a review of the literature on the determinants of cross-border trade facilitation. The review gives both theoretical and empirical perspectives on the topic. The chapter looks at some theories that relate to this study topic from different angles. Under the theoretical literature, two theories that include the Theory of Planned Behavior and the Comparative Advantage Theory are reflected on based on their relation to customs activities and cross-border trade facilitation. The chapter also looks into some previously done studies relating to this research under the empirical literature review.

2.2 Theoretical Review

A theoretical literature review is an analysis of the relevant theories and previous studies with regard to the research topic being handled (Burns & Grove, 2001). According to Burns and Grove (2001), the inter-connection between the discussed theories and concepts to the current research describes a theoretical literature review. In this study, two theories are reviewed: The theory of Comparative Advantage, and the theory of Planned Behavior. The following theoretical literature review defines the concepts and analyzes them with regard to the study topic.

2.2.1 The Theory of Comparative Advantage

Comparative advantage is a theory that focuses on trade between individuals based on what they can produce economically. The theory states that a country has comparative advantage if it can produce a product at a lower opportunity cost than its competitors. David Ricardo came up with the model in 1817 (Levchenko & Zhang, 2016).

One element of strength seen in the comparative advantage theory is the fact that it compares the competitiveness of the parties based on the opportunity cost, but not quality and volume. Indeed a country can have the ability to produce more goods and services, but the cost of unit production might be high for this country. Therefore, the use of opportunity cost to compare the ability of individuals and companies to trade in a commodity substantiates the proposition of the theory (Levchenko & Zhang, 2016).

The theory of Comparative Advantage does well in advocating for cross-border trade but it still has some weaknesses. For instance, the theory assumes the fact that there are possibilities that transportation costs may outweigh the comparative advantage one is set to enjoy. High transport charges increase the cost of doing business. Secondly, the model does not consider that an increase in specialization may lead to diseconomies of scale (Levchenko & Zhang, 2016). When producers embrace specialization there are high chances that large scale production would be slightly expensive or equal in cost to small scale production. Thirdly, there are possibilities of governments issuing trade restrictions. Trade restrictions make it impossible for the principles of comparative advantage to hold.

The comparative advantage theory connects to the study on the determinants of cross-border trade facilitation in various ways. However, the key relevance of the theory to this research is seen when the variable of automated customs procedures is discussed in line with the theory. David Ricardo's model proposes that countries engage in trade amidst themselves based on their opportunity costs. Therefore, the theory emphasizes the need for cross-border trade which are normally regulated by imposing customs procedures. Various automated customs procedures such as the online declaration of goods and the electronic cargo scanning are techniques employed to enhance trade neighboring countries.

2.2.2 The Theory of Planned Behavior

The theory of planned behavior (TPB) is a theory that shows the connection between a person's beliefs and his or her behavior. It states; "attitude towards behavior, subjective norms, and perceived behavioral control, collectively determine one's behavioral intentions and behaviors (Kautonen, van Gelderen, & Fink, 2015)." The theory is a proposal from Icek Ajzen with an objective of improving the Theory of Reasoned Action (TRA). Ajzen intended to do so by introducing perceived behavioral control in the model. The key element of this theory is behavioral intent. The TPB has been used in various fields to predict and explain behaviors and intentions. Some of these fields include healthcare, public relations, advertising, and management.

The TPB Model claims that behavioral achievements rely on both motivation (intention) and ability (behavioral control). The theory explains three types of beliefs that make it up. The three are behavioral, normative, and control beliefs (Salwani, Mathandan, Norzaidi, & Chong, 2009). Ajzen notes that there are six constructs that jointly reflect an individual's control over a behavior: Attitude, behavioral intention, subjective norms, social norms, perceived power, and perceived behavioral control (Kautonen, van Gelderen, & Fink, 2015).

The TPB has some elements of strength when viewed keenly. One strength of the model is the fact that it can effectively explain the link between behavioral intention and actual behavior. The TRA could not explain this link because it did not factor in "perceived behavioral control." Secondly, both the initial Theory of Reasoned Action and the TPB have the strength of being able to elaborate one's social behavior by considering "social norm" which is an essential element in the two models.

There are several factors that limit the theory of planned behavior. One of the weaknesses of the TPB is its lack of accounting for other elements influencing behavioral intention and motivation such as fear, threat, and previous experiences. The second weakness of the model is its assumption that behavior is a result of a linear decision-making process with no considerations that it can change over time. Furthermore, the theory fails to address the issue of time-frame between “intent” and “behavioral action.” Therefore, it makes it hard for one to separate the line between the two variables when using the model (Kautonen, van Gelderen, & Fink, 2015).

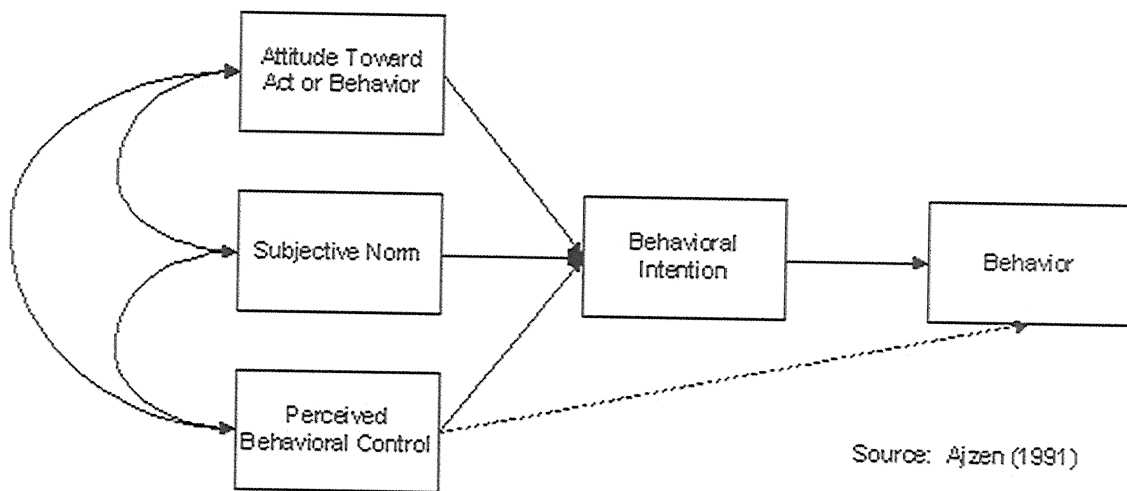


Figure 2.1: The Theory of Planned Behavior

The Theory of Planned Behavior is relevant to this research given the fact that it connects to two independent variables in this study. Joint verification of goods with neighboring country’s customs and verification by other local government agencies are variables in this research. The two are policies that are perceived to be enhancing customs activities at the borders. However, since it is human beings that are employed to implement the policies, there are a lot of behavioral elements that may influence the outcomes of these two policies. For instance, TRA customs officers or KEPHIS officials may behave in a certain manner when working with KRA customs officers thus affecting the documentation, checking of standards, or the time taken for

verification. The TPB model was useful in making predictions of such behaviors and their intentions. For example the dispute between Kenya and Tanzania regarding importation of sugar from Brazil with zero tariffs led to a period of non-cooperation between KRA and TRA customs officers.

2.3 Conceptual Framework

The formation of the EAC led to the structuring of the EACCMA which KRA's customs and border control department uses for guidelines. This has led to the implementation of various customs control measures which all aim at helping the authority achieve its goals, one of which is trade facilitation. Three independent variables were used in this research. The three included: joint verification of goods by neighboring customs authority officers, verification of goods with other local government agencies, and automated customs procedures. Cross-border trade facilitation was the dependent variable, thus the study aimed at determining the effect of the three independent variables on it.

2.3.1 Joint Verification of Goods with Neighboring Country's Customs

As one of the initiative of enhancing trade between EAC member states, the region has seen the establishment of various one-stop-border-points in different borders. Kenya has been on the front line in the construction of these OSBPs with two fully functional and busy- Namanga and Busia OSBPs. The OSBPs have enabled the joint verification of goods by the customs authority officers from the two neighboring countries. However, there are documentations and standards that these two agencies from different countries require in order to clear goods. Confirmation of the documents and standards would normally consume a lot of time for the traders. The cost of doing business would also be high given that goods would accrue a lot of warehouse charges

awaiting clearance. However, the introduction of joint verification has helped in reducing the time and costs taken for clearance since traders are subjected to the process once.

2.3.2 Examination of Goods by other Local Government Agencies

There are other government agencies that are also expected to inspect goods that cross the border, especially imports. In Kenya, some of these agencies include the Kenya Bureau of Statistics (KEBS), Kenya Plant Health Inspectorate Service (KEPHIS), and the State Department for Fisheries Aquaculture & Blue Economy. The officers from all these agencies are obliged to inspect the goods from the traders where necessary. Traders and clearing agents argue that such inspections consume a lot of their time and also increases their cost of business. However, the fact that most of the permits are nowadays produced online has helped reduce congestion at the customs clearing area.

2.3.3 Automated Customs Procedures

The advancement in technology in the modern world has led to the adoption of various automated procedures in the customs department. One of the areas where automation is seen under the customs procedures is declaration. Today, clearing agents declare their goods online thus they don't have to waste a lot of time queuing in customs offices. Therefore, the automation has helped in facilitation of cross-border trade through reduction of clearance time. The introduction of Electronic Cargo Scanning System in the Customs and Border Control Department of KRA has also helped in enhancing trade through speeding up the verification process.

2.3.4 Cross-Border Trade Facilitation

Trade is a useful activity that is known for maintaining peace across the globe. For trading activities to be successful, peace must be part of the equation. Thus there is a serious need for trade facilitation to be part of every country's priority. The WTO is among the many international bodies that focus on making the world a village market with fewer boundaries. However, the formations of regional economic blocs threaten the notion of having the world as a free-trade market. The blocs mostly concentrate on creating trade barriers in the form of customs control measures that concentrate on securing the member states' economic welfare. Unfortunately, it is not always guaranteed that the measures employed by these regional blocs help in improving the welfare of all the citizens in the member states. There are many cases of member nations of an integration having disputes. The EAC is an example of an integration that has experienced disputes due to dissatisfaction of some members. The EAC collapsed in 1997 with some members such as Tanzania arguing that they are not getting an equal share of the benefits of the community. However, after the re-union of the EAC countries, cross-border trade has continued to grow over the years despite a few setbacks.

Independent Variables

Dependent Variable

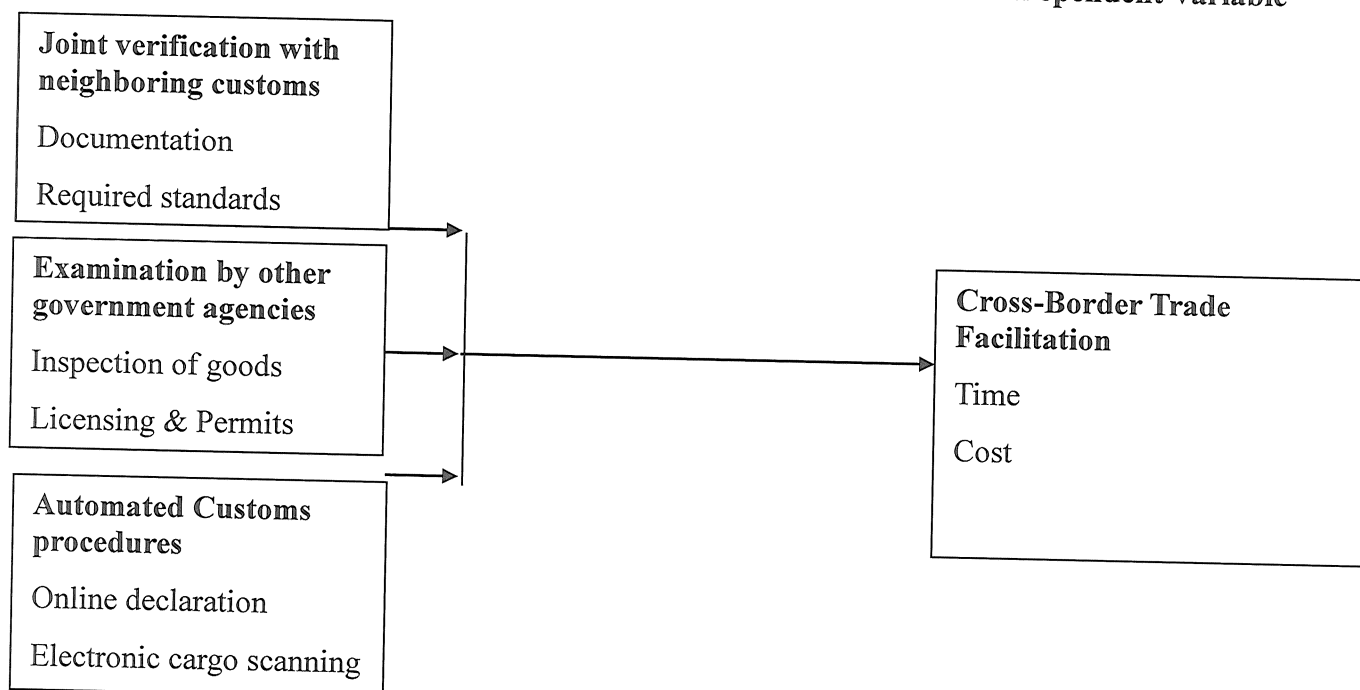


Figure 2.2: Conceptual Framework

2.4 Empirical Literature Review

Empirical literature review can be defined as an evaluation of past studies or previously published details that are related to a given topic being researched at the present (Fujimura, 2004). The following empirical literature review is guided by the variables of this study.

2.4.1 The Influence of Joint Verification of goods with a Neighboring Customs Authority on Cross-Border Trade Facilitation

The world has slowly become a global village with increased exchange of goods and services among different countries. Technology has enabled the progress of international trade between countries that are in different parts of the world. In a regional view, countries that share common boundaries are known to be major trade partners in the various regions where they are situated.

However, there are challenges that come along with widespread cross-border trade. For example, smuggling and corruption along the borders largely affect the trade facilitation in regional economic blocs. Ndunda (2013), notes that smuggling and corruption among government agencies at Busia Border has derailed the EAC from its course of improving the value of trade among all the member states of the community.

A study by Ndunda on the implementation of the one stop border post strategy at the Busia Border looked at the steps used in the rolling out of this strategy, and the challenges encountered. The research by Ndunda (2013) was very well presented as the researcher started with an illustration of what the one stop border post means. One of the points emphasized by the researcher was the perfect definition of OSBP. According to the illustration by Ndunda (2013), OSBPs are border facilities that bring together two border stops of neighboring countries thus consolidating the entry and exit processes at the two neighboring national borders. One of the ways through which the OSBP strategy is being rolled out is through the employing of joint customs verification processes at the borders. The customs officers at the two neighboring countries are introduced to the idea of jointly inspecting and verifying the goods passing the borders. In East Africa, the idea of OSBP has already been implemented in different border points. For example, the Namanga Kenya-Tanzania Border and Busia Kenya-Uganda Border have OSBPs that are fully functional. Trade across the borders at these points is reported to have improved when the construction and strategic opening of the OSBPs started in 2014 (Tyson, 2018).

The research by Ndunda (2013) does perfectly well in the handling of the topic on the implementation of the OSPBs strategy at the Kenya-Uganda Busia Border. The researcher starts with a description of OSBP which shades light on what the EAC leadership aimed at when

proposing the idea. The study focused on Busia which is a strategic border point that connects Kenya to her western neighbors and other central African countries such as the Democratic Republic of Congo. Countries in these areas heavily rely on Kenyan ocean ports since they are landlocked. Therefore, the researcher's choice of area of study was strategic. Additionally, the use of primary and secondary data by the researcher was effective as it helped in establishing some of the key challenges that are faced in implementation of the OSBP strategy. The researcher conducted a case study that supplemented the findings from the interviews and questionnaires administered by the researcher.

The work by Ndunda (2013) offers a rich literature for this research project since it directly talks about one of the independent variables in this proposal. Joint verification is part of the OSBP policy that seeks to have one clearing station for the two neighboring countries. The study noted that the joint verification of goods by customs officers from both countries played a critical role in making the OSBPs efficient and fast.

2.4.2 The Effects of Examination of Goods by other Local Government Agencies on Cross-Border Trade Facilitation

The customs department of any country is important in securing revenue, enhancing social welfare, and ensuring safety of the people. Even though such actions are the main roles of the customs authorities, other government agencies also contribute in the securing of borders in different ways. In a study published in the World Customs Journal, Uzzaman and Yusuf (2016) researched and analyzed the role of customs and other government agencies in trade facilitation in Bangladesh. The researchers presented a well-structured work that utilized both primary and secondary data sources. The methodology used was descriptive where surveys played an integral role in gathering the feedback of the relevant stakeholders in the field of customs. The

importance of using surveys when conducting a study is the fact that it gives room for varied opinions as it reaches out to a comparatively larger base. However, this piece of work had a problem of failing to recognize the fact that even the taxpayers can give an opinion of the effectiveness of customs authorities and other government agencies in trade facilitation at the borders. The researchers only targeted the customs officials and clearing agents as they were the ones who formed the sample population of the study.

With regard to the findings of Uzzaman and Yusuf (2016), it was established that the joint involvement of other government agencies and customs officers in the border points' management leads to inefficiencies in trade facilitation. For example, too many formalities prescribed by different agencies at the border usually delay trade activities across the borders. The researchers also established that elements of inaccuracy witnessed in some agencies contribute to the inefficiency experienced in the entire customs clearance procedure. Therefore, the researcher recommended an integrated approach of handling port activities. In the suggestion, Uzzaman and Yusuf (2016) called for a synchronized participation of customs and other agencies in the operations of the ports. The two argued that a completely synchronized border control would make work easier for cross-border traders thus enhancing trade in the areas.

On the other hand, there are other researchers who believe that the involvement of other government agencies in customs clearance procedures is helpful in enhancement of trade. Such scholars argue that when the customs officers are left to carry out all the verification and clearing actions the process becomes inefficient and slow. For instance, Doyle (2010) notes that the collaborative customs clearing procedures at borders aid in sealing loopholes at the borders. There are some actions that require experts from different government agencies thus the need of

posting such experts at the border posts. The varied opinions on the usefulness of other government agencies present an opportunity for further studies on this matter. This project partly utilized the facts from the work of Uzzaman and Yusuf (2016) to establish the effects of verification of goods with other government agencies on cross-border trade facilitation.

2.4.3 The Effects of Automated Customs Procedures on Cross-Border Trade Facilitation

In Kenya, the customs clearance procedures can be broadly categorized into import and export customs procedures. The Customs and Border Control Department (CBCD) of the Kenya Revenue Authority is mandated by the constitution of Kenya and the East African Community Customs Management Act (EACCMA) to carry out these procedures. The main customs processes are usually the same for both the exports and imports with slight differences in a few cases. The key steps in customs clearance include declaration of goods to the customs authorities, issuance and confirmation of the relevant permits from the required government agencies, and customs verification of goods. The physical verification procedure is sometimes accompanied with scanning of the goods, while at some other instances goods are usually just exposed to scanning alone.

Wolffgang & Ovie (2007) notes some of the emerging issues regarding customs procedure in European countries. One of the issues noted by the researcher is the issue of advanced technology being employed in most of the customs procedures. He explains that the use of advanced technology in both the import and export processes helps in enhancing efficiency and speed at the customs border points. The first world countries have embraced advanced technology in different ways at their borders, more than the developing countries have done (Wolffgang & Ovie, 2007). For instance, the United States of America uses CCTV surveillance and laser technology to guard the country's borders. The United States Department of Homeland

Security has acknowledged that the use of high-end technology such as the laser and CCTV surveillance have enhanced the security of Americans from different forms of cross-border intrusion. Trade has also become more open with reduced cases of smuggling.

In most African countries, the available customs procedures are usually flocked with a lot of bureaucracy and paperwork. Many nations in the continent are developing, while some are still under-developed. Therefore, advanced technological developments are not a common thing in all the countries in this part of the world. In a study that focused on countries in the sub-Saharan region of Africa, it was established that lengthy clearance procedures and slow systems have a negative influence on trade among African countries in different blocs within the continent (Iwanow & Kirkpatrick, 2009). The same study revealed that trade in Africa is slowed down by twenty-five percent due to the inefficiencies at the respective African countries' borders. (Iwanow & Kirkpatrick, 2009) conducted a study that relied on secondary data accompanied with previous studies related to the subject. The research covered the eastern, northern and western regions of Africa.

2.4.4 Cross-Border Trade Facilitation

The WTO has been a key player in initiating negotiations that aim at facilitating trade between countries. For example, it always compels all arrangements at the various levels of integration to adopt the recommendations under the Revised Kyoto Convention. Wilson, Mann and Otsuki (2003) note that all the African economic blocs comply by the recommendations given by the WTO. Therefore, the adoption of the Revised Kyoto Convention is a common thing for African nations. Research also indicates that globally the formation and implementation of customs controls usually aim at facilitating cross-border trade and enhancing the growth of local traders (Wilson, 2007). However, Wilson (2007) also established that there are high chances of the

customs control techniques being used as trade barriers especially when disputes arise between countries. One of the reason why this is a major risk is the volatility of most measures and the act of most nations introducing regulations that can be easily manipulated.

The WTO identified some of the barriers that should be removed in order to have trade facilitated across borders. Matsudaria (2007) highlighted these obstacles in his research that sought to establish the role of the WTO in trade facilitation. Some of the barriers mentioned were lack of automation and inadequate employment of IT, unclear regulations for imports and exports, lack of modernization, inefficient audit controls, and inadequate risk assessment procedures. According to the WTO, such barriers among others create flows in the trade processes thus discouraging trading limits in the long-run (Matsudaria, 2007).

There are other parties apart from the WTO that are also interested in facilitating trade. (Bhattacharya and Hossain, 2006) noted that other non-governmental bodies and organizations with economics-driven goals are among the leading in introducing initiatives that enhance trade. The two established that bodies that aim at having a smooth relationship between governments and traders mostly push for facilitated trade activities. According to (Bhattacharya and Hossain, 2006), trade facilitation is described as the optimal use of information technology advancement among other rational policies to neutralize potential non-tariff barriers (NTB) such as complex customs clearance procedures, import licensing, and testing of products.

2.5 Critique of Existing Literature

Literature on cross-border trade facilitation is broad given that trade has been an integral part of the society over centuries. Besides, the urge of many countries to form trading blocs have pushed researchers into studying this subject area. The work by Ndunda (2013) provided literature regarding the introduction of joint verification of goods by two neighboring countries' customs

authorities. Ndunda's area of study was the Kenya-Uganda Busia border point. The research by Ndunda established that the rolling out of OSBPs helps in facilitating trade between two neighboring countries. One element of the OSBP that makes the program beneficial to various stakeholders is the fact that clearance time is reduced as the customs officers from the two nations verify the goods jointly (Ndunda, 2013).

Uzzaman and Yusuf (2016) presented literature discussing the engagement of other government agencies in the customs procedures of a country. The researchers had a case study in Bangladesh where they focused on the customs department of this Middle East country. The findings of the surveys and analysis presented by these researchers showed that the involvement of other government agencies in the customs processes lead to increased inefficiencies. The study conducted in Bangladesh concentrated only on the negative side of engaging other government agencies. For instance, Uzman and Yusuf (2016) argued that the more other agencies involved in the customs procedures, the higher the rate of inefficiencies experienced. In their illustration, the scholars noted that every government department normally have challenges that hinder them from achieving 100% efficiency. When the government sends all its agencies at the border, it is highly likely that every agency would carry along its inefficiencies thus adversely affecting the effectiveness of the entire customs procedures. However, a brief look into a report by Doyle (2010) showed that not every entity believes that the engagement of different government agencies at the borders adversely affects cross-border trade. For others, the collaboration helps in sealing loopholes thus enhancing fair trading activities.

Lastly, Wolfgang & Ovie (2007) focused on the use of technology in the import and export procedures. He makes reference to first world countries that have heavily invested in the protection of their borders for security of the people and trade. Wolfgang gives an example of

the United States where the United States Department of Homeland Security uses CCTV surveillance and laser technology to guard the nation's borders. On the other side, Iwanow & Kirkpatrick (2009) analyzes the situation in third world countries such as most African nations. The researchers established that a lot of bureaucracy and paperwork hinders most African countries from enjoying fast and efficient cross-border trade.

2.6 Summary of Literature Review

The literature review is a chapter that focuses on a few selected pieces of literature that relate to the topic of this research. One of the sections of this chapter is the theoretical review that looks into two theories that helped the research in achieving its objectives. The two theories are; the Theory of Planned Behavior and the Comparative Advantage Theory. The second part of the chapter is the conceptual framework which presents an illustration of the relationship between the independent variables and the dependent variable. The final bit discusses various previous research works that are related to the dependent and independent variables in any manner.

2.7 Research Gaps

The fact that Ndunda (2013) fails to mention the exact advantages of the customs joint border patrols on the traders operating along the border makes it a favorable area of study for future scholars. Thus this research would explore in this area to make elaborations on the benefits traders enjoy from the joint operations of customs officers from KRA and TRA. The study will seek to establish if joint customs verification is a determinant of cross-border trade facilitation. Uzzaman and Yusuf (2016) present a piece of work that had some information on the impacts of having other government agencies at a country's borders. The researchers focused on getting their data from majorly the customs officers, and a few clearing agents. The study generally looked at the impact of having other government agencies at the border on the entire customs

procedures. Therefore, there is a room for further studies that concentrate on trade facilitation to be conducted. It is important to note that customs is broad and covers a lot of areas including security, trade, and political welfare.

There is also a gap for interested parties to conduct research that would determine the effects of customs procedures on trade facilitation. Most scholars such as Wolfgang & Ovie (2007) and Iwanow & Kirkpatrick (2009) have already looked into the area. However, they basically major on the technological bit of the customs procedures. The prevailing import and export customs procedures do have an impact on cross-border trading activities, even without narrowing down on the technologies employed. Therefore, it is open for further research to establish how different aspects of import and export procedures facilitate cross-border trade. Technology and documentation are some of the aspects that need to be studied with regard to cross-border trade facilitation.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter looks at how the actual research study was carried out. It highlights the methods of data collection and research instruments employed, data analysis techniques applied, target population, choice of study area, sampling techniques and description of sample size.

3.2 Research Design

A research design is the outline or plan employed in establishing the answers to the research problems (Mugenda & Mugenda, 2003). The study adopted an inferential research design because of the nature of the research objectives. This research design attempts to collect data from members of a population in order to determine the current status of the population with respect to one or more variables (Mugenda & Mugenda, 2003). The inferential research design entailed measuring and analyzing levels and patterns of trade among the commercial operators in the Namanga Region using samples of the stakeholders. Surveys were handy in this case in the collection of information and data from the target study population. The design also entailed an analysis of data from the Customs Authorities in the region since it is a major entry-exit point on the Kenya-Tanzania border.

The option of using an inferential research design was the most preferable because it ensured a considerable amount of data is collected within a relatively short period. It was also important because it has both high efficiency and accuracy levels (Oso & Onen, 2005). The design also enables one to employ either qualitative and quantitative approaches or both of the two.

3.3 Target Population

A target population is a pool of all the persons or objects from which the study sample will be picked (Etikan, Musa, & Alkassim, 2016)

Table 3.1: Target Population

Stakeholders	Target Population	Percentage
KEBS Officers	48	6.48
Customs Officers	51	6.89
Clearing and forwarding Agents	256	34.59
Cross-Border Traders	385	52.3
Total	740	100

For this research, the target population was made of customs officials, cross-border traders, Kenya Bureau of Standards officials, and clearing and forwarding agents. Narrowing down to the case of Namanga Border, traders operating across this border point, customs and KEBS officers in the Namanga Customs and Border Control Department offices, and clearing and forwarding firms that frequent this station were the study population.

3.4 Sampling Frame

According to Etikan, Musa, and Alkassim (2014) a sampling frame is a list or gadget that a researcher uses to define his or her study population. There are 51 KRA customs officers and 48 KEBS officials working at the Namanga OSBP. The total number of registered clearing and forwarding firms in Kenya as at February 2018 was approximately 1298. However, the number of clearing and forwarding firms that have frequent operations at Namanga OSBP is about 256.

For the frequenting cross-border traders using the Kenya-Tanzania Namanga border, the researcher picked 385 traders.

3.5 Sampling and Sample Size

According to Robinson (2014), sampling is the process of taking samples of a study population for the purpose of analysis, while a sampling technique is the specific process through which the samples are selected. A sample is a portion of the population that is taken to represent the entire population (Bennett, 1999).

Table 3.2: Sample size

Stakeholders	Target Population	Percentage of Sample	Sample Size
KEBS Officers	48	20	10
Customs Officers	51	20	10
Clearing and forwarding Agents	256	20	51
Cross-Border Traders	385	10	39
Total	740	14.9	110

A stratified sampling technique was stratified into four (4) units at the Namanga OSBP, this included: KEBS with 10 officials, customs with 10 officers, clearing and forwarding agents with 51, and cross-border traders with 39. This is because of the heterogeneity of the population and all respondents had equal opportunity of participation. As Kothari (2013) expresses, a sample size between 10% and 20% is considered adequate for in-depth studies. The sample size for this study was 14.9%. The sample size was organized as shown in table 3.2 above.

3.6 Data Collection Instruments

Data collection instruments are the tools used to collect facts, statistics and details (Ott & Longnecker, 2015). One of the most important instruments for this research was the questionnaire because it is widely useful in descriptive survey research. Questionnaires enable the researcher to structure questions that can collect relevant information as well as document them. For this research, the questionnaires were useful in collecting information relating to the dependent and independent variables. Most of the questions in the questionnaires were structured using the Likert Scale making the questions' expected answers to be strongly disagree, disagree, undecided, agree, or strongly agree. The use of this tool is justifiable since it saves on time and also assures the participants of their confidentiality.

The other tool used was document analysis. Relevant data is available on websites of the KRA, the EAC, and the World Bank. Analysis of the documents from these sites provided useful statistics. The method was preferred since it was comparatively cost-effective and fast.

Therefore, the researcher gathered adequate data within a short time considering the respective sites have documents readily available to access. The researcher also spent less as the travel cost was cut down.

3.7 Data Collection Procedure

According to Teknomo (2016), data collection procedures are the techniques used to gather statistics regarding the research variables. The primary data was collected through questionnaires issued to 10 customs officers at the Namanga KRA station, 10 KEBS officials stationed at Namanga, 39 cross-border traders, and 51 clearing and forwarding agents that have frequent operations at this OSBP. A drop-and-pick approach was adopted so that the respondents have ample time to answer the questions. Secondary information was obtained from the journals

reports, and documents published by relevant authorities and also researchers that worked on areas relating to this research topic.

3.8 Data Analysis and Presentation

As Robinson (2014) highlights, analyzing research involves coding, tabulating, and translating the responses into specified categories. Software such as the Statistical Package for Social Science (SPSS) is usually useful in the analysis of data. The data collected was passed through the same process of coding and validation as they are checked for consistency and completeness. However, quantitative data collected was subjected to additional analysis using descriptive statistics. That entailed the use of frequencies, measures of tendency and dispersion (mean and standard deviation). Additionally, the ANOVA, correlation and regression analysis were used to determine the statistical significance of the findings, as well as establishing the relationship between the variables. A regression model equation was used in this case:

$$Y = \beta^0 + \beta^1 X^1 + \beta^2 X^2 + \beta^3 X^3 + \varepsilon;$$

Where;

Y- Cross-border trade facilitation

β^0 - Constant

X^1 - Joint Verification of Goods with Neighboring Country's Customs

X^2 - Examination of Goods by other Local Government Agencies

X^3 - The Use of Automated Customs Procedures

β^1, β^2 & β^3 - Regression coefficients of the independent variables respectively

ε - Error term

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSIONS

4.1 Introduction

The chapter represents the empirical findings and results of the research. The data presented includes response rate, background information of the respondents and the presentation of research findings against each individual specific objective. The study sought to establish the background information of the respondents by using the following parameters: gender, age, level of education, type of organization, and number of years respondents have been working with the organization or occupation. Descriptive statistics and ANOVA were employed in analyzing the findings.

4.1.1 Response Rate

Table 4.1: Response Rate

Questionnaire	Frequency	Percentage
Filled	78	70.9
Not Filled	32	29.1
Total	110	100

From the data collected, out of 110 questionnaires administered, 78 were filled and returned which represents 70.9% response rate. Such a response rate is considered adequate according to Mugenda & Mugenda (2013) who noted that a 50% response rate is adequate, 60% and above rated good, while 70% is rated very good. This also collaborates with Bailey (2014) assertion

that a response rate of 50% is adequate, while a response rate greater than 70% is very good. This infers that the response rate in this case of 70.9% was a very good representation of the entire targeted population.

4.1.2 Pilot Study Results

The study conducted pilot study to test the reliability and validity of the research instrument. The study used 10% of the sampled population for pilot testing. Consequently, 10 percent of 110 translated into approximately 11 respondents. The study used random sampling to select 11 respondents who were not included in the main survey. The result shows that the Cronbach's alpha for cross-border trade facilitation constructs is 0.827 with a total of 7 items. This implies that the items included in measuring cross-border trade facilitation constructs are indicative of the same underlying disposition. The Cronbach's alpha for joint verification with neighboring customs, examination of goods with other local agencies, and use of automated customs procedures were 0.872, 0.886 and 0.787 respectively implying that the items in the construct are indicative of the same underlying disposition. Nunnally (2015) recommends that instruments used in research should have reliability of at least 0.70 or above. The results are as shown in table 4.2;

Table 4.2: Reliability Test Results

Variable	Number of Items	Cronbach's Alpha
Joint verification with neighboring customs	7	0.872
Examination of goods with other local agencies	7	0.886
Use of automated customs procedures	7	0.787
Cross-border trade facilitation	7	0.827

4.2 Demographics Characteristics of Respondents

4.2.1 Gender Distribution

Table 4.3: Gender of the Respondents

Gender	Frequency	Percentage
Male	46	58.9
Female	32	41.1
Total	78	100

The descriptive statistics of the study indicates that 46 (58.9%) of the respondents were male, while the remaining 32 (41.1%) were female as shown in table 4.3. This implies that male respondents participated more in answering the questionnaires.

4.2.2 Age of the Respondents

Table 4.4: Age of the Respondents

Age	Frequency	Percentage
18 – 28 years	14	17.9
29 – 38 years	26	33.3
39 – 48 years	21	26.9
Above 48 years	17	21.9
Total	78	100

The finding shows that 17.9% of the respondents are aged between 18-28years, 33.3% of the responsive interviewees were aged between 29-38 years, 26.9% of the respondents were between 39-48years, and 21.9% were above 48years.

4.2.3 Level of Education

Table 4.5: Level of Education

Level of Education	Frequency	Percentage
Post Graduate degree	10	12.8
First degree	14	17.9
Diploma	19	24.4
Certificate	16	20.5
O Level	19	24.4
Total	78	100

From the descriptive statistics shown in table 4.5, 19 (24.4%) of the respondents were reported to be diploma holders, 14 (17.9%) of them were holders of first degree, 10 (12.8%) of them were holders of Post Graduate degree, 16 (20.5%) of the respondents were holders of certificate, 19 (24.4%) were reported to be holders of O level.

4.2.4 Type of Organization or Occupation

Table 4.6: Type of Organization or Occupation

Organization Type	Frequency	Percentage
KRA	10	12.8
KEBS	8	10.3
Clearing and Forwarding Firms	39	50.0
Cross-Border Traders	21	26.9
Total	78	100

The finding reveals that 10 (12.8%) of the respondents came from KRA, 8 (10.3%) of the respondents came from KEBS, while 39 (50.0%) were the clearing and forwarding firms and finally 21 (26.9%) were the cross-border traders. This implies that majority of the responses clearing and forwarding agents.

4.2.5 Number of Years Worked in Organization

Table 4.7: Number of Years worked in the organization

Year	Frequency	Percentage
Over 15 years	11	14.1
11-15 years	24	30.8
5-10 years	28	35.9
Less than 5 years	15	19.2
Total	78	100

The finding from table 4.7 shows that 14.1% of the respondents have worked in their respective department/section for over 15 years, 30.8%% of the respondents have worked between the periods of 11 – 15 years. While 35.9% of the respondents worked between a period of 5 – 10 years and 19.2% have worked for less the 5 years. This shows that majority of the respondents have worked with their respective departments/sections at ICD Nairobi for over 15 years.

4.3 Descriptive Analysis

In the research analysis the researcher used a tool rating scale of 5 to 1; where 5 was the highest and 1 the lowest. Opinions given by the respondents were rated as follows, 5 = Strongly Agree, 4

= Agree, 3 = Neutral, 2 = Disagree and 1= Strongly Disagree. The analysis for mean, standard deviation and coefficient of variation were based on this rating scale.

4.3.1 Joint Verification with Neighboring Country's Customs

The study sought to establish the determinants of cross-border trade facilitation at Namanga OSBP. The first objective was to find out the influence of joint verification of goods with the neighboring country's customs officers on cross-border trade facilitation at the Namanga One-Stop-Border-Point. In carrying out this task the study used table of means, standard deviations and coefficient of variation to help interpret the results. A 5-point Likert Scale was used to determine the effects of this variable on cross-border trade facilitation.

4.3.1.1 Documentation for Joint Verification

Table 4.8 Mean, Standard deviation and Coefficient of Documentation for Joint Verification with Neighboring Country's Customs

Statements	Mean	Standard Deviation	Coefficient of Variation
The documentation required for the joint verification consumes a lot of time	4.1758	0.7149	0.1712
The documentation required at this stage increases the cost of doing trade at the border	4.5833	1.0522	0.2296

Respondents were required to respond to set questions related to Documentation for Joint Verification with Neighboring Country's Customs and give their opinions. The respondents who were in agreement that the documentation required for the joint verification consumes a lot of time had a mean of 4.1758, standard deviation of 0.7149 and a low dispersion of 17.12% signifying a high level of agreement. Opinion on whether documentation required at this stage increases the cost of doing trade at the border was positive with a mean of 4.5833, standard deviation of 1.0522 and a dispersion of 22.964% signifying a high level of agreement. This concurs with Ndunda (2013) that a lot of documentation is a major cause of increased cost of business across borders.

4.3.1.2 Required Standards

Table 4.9 Mean, Standard deviation and Coefficient of Variation of Required Standards

Statements	Mean	Standard Deviation	Coefficient of Variation
A lot of time is saved as customs officers from the two countries verify for the required standards jointly	4.5278	0.5623	0.1242
The cost of doing business across the border is lowered by joint verification of required standards	4.1756	0.7656	0.1833

Respondents were required to respond to set questions related to required standards and give their opinions. The opinion in agreement that a lot of time is saved as customs officers from the two countries verify for the required standards jointly had a mean of 4.5278, standard deviation of 0.5623 and a low dispersion of 12.42% signifying a high level of agreement. The opinion whether the cost of doing business across the border is lowered by joint verification of required standard was positive with a mean of 4.1756, standard deviation of 0.7656 and a dispersion of 18.33% signifying a high level of agreement. This is in agreement with Ndunda (2013) who asserts that standardized verification requirements at the EAC member borders would help boost cross-border trade in the region.

4.3.2 Examination of Goods with Other Local Government Agencies

The second objective was to determine the effects of examination of goods by other local government agencies on cross-border trade facilitation at the Namanga One-Stop-Border-Point. In carrying out this task the study used table of means, standard deviations and coefficient of variation to help interpret the results. A 5-point Likert Scale was used to determine the effects of examination of goods by other local government agencies on cross-border trade facilitation at the Namanga One-Stop-Border-Point.

4.3.2.1 Physical Inspection of Goods

Table 4.10 Mean, Standard deviation and Coefficient of Variation of Inspection of Goods

Statements	Mean	Standard Deviation	Coefficient of Variation
The time allocated to other local government agencies to physically inspect goods slow down the rate of cross-border trade facilitation	4.5000	0.6969	0.1549
The cost of doing business across the border increases as traders spend more time at customs areas waiting for physical inspection of goods by other local government agencies	4.0566	0.7538	0.1858

Respondents were required to respond to set questions related to physical inspection of goods and give their opinions. The opinion in agreement that the time allocated to other local government agencies to physically inspect goods slow down the rate of cross-border trade facilitation had a mean of 4.500, standard deviation of 0.6969 and a dispersion of 15.49% signifying a high level of agreement. The opinion whether the cost of doing business across the border increases as traders spend more time at customs areas waiting for physical inspection of goods by other local government agencies was positive with a mean of 4.0566, standard deviation of 0.7538 and a dispersion of 18.58% signifying a high level of agreement. The issue of customs clearance procedure especially on declaration process is in agreement with World

Customs, WCO (2016) that trade facilitation is enhanced by efficient and speedy processing on a single platform.

4.3.2.2 Issuance of Licenses and Permits

Table 4.11 Mean, Standard deviation and Coefficient of Issuance of Licenses and Permits

Statements	Mean	Standard Deviation	Coefficient of Variation
The licensing and issuance of permits by other government agencies makes traders spend more time at the Namanga OSBP	3.8611	1.0731	0.2779
Production and presentation of the documents needed for licensing and issuance of permits by other government agencies increases the cost of cross-border trade	4.4722	0.9706	0.2170

Respondents were required to respond to set questions related to licensing and issuance of permits by other government agencies and give their opinions. The opinion in agreement that the licensing and issuance of permits by other government agencies makes traders spend more time at the Namanga OSBP had a mean of 3.8611, standard deviation of 1.0731 and a dispersion of 27.79% signifying a high level of agreement. The opinion whether production and presentation of the documents needed for licensing and issuance of permits by other government agencies

increases the cost of cross-border trade was positive with a mean of 4.4722, standard deviation of 0.9706 and a dispersion of 21.70% signifying a high level of agreement. Customs clearance procedure on verification process of goods is in agreement with Ndunda (2013) who notes that to ensure faster clearance of cargo during verification process enhances cross-border trade.

4.3.3 Automated Customs Procedures

4.3.3.1 Online declaration

Table 4.12 Mean, Standard deviation and Coefficient of Variation of Online declaration

Statements	Mean	Standard Deviation	Coefficient of Variation
The online declaration of goods through the document processing center (DPC) has reduced the time of clearing goods across the border	3.9801	0.5656	0.1421
The online declaration of goods through the document processing center (DPC) has lowered the cost of doing business across the border	4.3451	0.9755	0.2245

Respondents were required to respond to set questions related to Automated Customs Procedures and give their opinions. The opinion in agreement that the online declaration of goods through the document processing center (DPC) has reduced the time of clearing goods across the border had a mean of 3.9801, standard deviation of 0.5656 and a dispersion of 14.21% signifying a high level of agreement. The opinion whether the online declaration of goods through the document processing center (DPC) has lowered the cost of doing business across the border was positive

with a mean of 4.3451, standard deviation of 0.9755 and a dispersion of 22.45% signifying a high level of agreement. This study is in agreement with Robin (2014) who argues that online declaration of goods has helped in reducing the time and money spent in clearing of goods.

4.3.3.2 Electronic cargo scanning

Table 4.13 Mean, Standard deviation and Coefficient of Variation of Electronic cargo scanning

Statements	Mean	Standard Deviation	Coefficient of Variation
The electronic cargo scanning has helped customs save a lot of time when securing cross-border trade	4.1348	0.5900	0.1427
The electronic cargo scanning has helped customs reduce its cost of securing cross-border trade	4.1463	0.6336	0.1528

Respondents were required to respond to set questions related to electronic cargo scanning and give their opinions. The opinion in agreement that the electronic cargo scanning has helped customs save a lot of time when securing cross-border trade had a mean of 4.1348, standard deviation of 0.5900 and a dispersion of 14.27% signifying a high level of agreement. The opinion whether the electronic cargo scanning has helped customs reduce its cost of securing cross-border trade was positive with a mean of 4.1463, standard deviation of 0.6336 and a

dispersion of 15.28% signifying a high level of agreement. The study concurs with WTO (2016) secretariat that produced a checklist of the main issues and solutions of the symposium into five broad areas namely: documentation requirements; official procedures; automation and use of information technology; transparency, predictability and consistency; and modernization of border crossing administration.

4.3.4 Cross-Border Trade Facilitation

Table 4.14 Mean, Standard deviation and Coefficient of Variation of Cross-Border Trade Facilitation

Statements	Mean	Standard Deviation	Coefficient of Variation
The joint verification of goods by customs authorities from both countries has impacted cross-border trade facilitation at Namanga OSBP	3.8643	0.5360	0.1387
The launch of a document processing center (DPC) has influenced the rate of cross-border trade facilitation at Namanga	4.2014	1.0301	0.2453
The cost of doing cross-border trade is directly related to the number of other government agencies that should verify a trader's goods	4.3512	0.8185	0.1881

On Cross-Border trade facilitation at Namanga OSBP, respondents were required to respond to some items related to the same. Respondents' opinions on the joint verification of goods by customs authorities from both countries has impacted cross-border trade facilitation at Namanga OSBP was indicated by a mean of 3.8643, standard deviation of 0.5360 and a dispersion of 13.87%. The launch of a document processing center (DPC) and how it has influenced the rate of cross-border trade facilitation at Namanga was indicated by a mean of 4.2014, standard deviation of 1.0301 and a dispersion of 24.53%. The finding also indicates the cost of doing cross-border trade is directly related to the number of other government agencies that should verify a trader's goods with a mean of 4.3512, standard deviation of 0.8185 and a dispersion of 18.81% signifying a high level of agreement.

4.4 Inferential Analysis

Inferential statistics involves making prediction or inferences about a given population. The study conducted inferential statistics. The study also conducted correlational analysis, regression analysis and ANOVA to make inferences on the determinants of cross-border trade facilitation at the Namanga OSBP. Pearson correlation analysis was used to assess the relationship between the variables while multiple regressions was used to determine the predictive power of factors (the three independent variables) and cross-border trade facilitation.

4.4.1 Multiple Regression Analysis

In this study, a multiple regression analysis was conducted to test the influence among predictor variables. The research used Analysis of Variance (ANOVA) to code, enter and compute the measurements of the multiple regressions. The model summary table provides information about

the regression line's ability to account for the total variation in the dependent variable. The results are displayed in the table below.

Table 4.15: Regression Model Summary

Model	R	R Square (R ²)	Adjusted R Square	Std Error of the Estimate
1	.879	.773	.770	16.15625

- a. Predictors: (Constant), joint verification of goods with neighboring customs authority, examination of goods by other government agencies, automated customs procedures

Table 4.15 provides the R and R² values. The R value represents the simple correlation and is 0.879 which indicates a high degree of correlation. The R² indicates how much of the total variation in the dependent variable, cross-border trade facilitation at Namanga, can be explained by the independent variables (joint verification of goods with neighboring customs authority, examination of goods by other government agencies, automated customs procedures). In this case, 77.3% can be explained, which is relatively large. Table 4.15 shows the regression model summary indicating the coefficient of determination R Square as 0.770. This means that 77.0% of the relationship is explained by the identified three factors namely joint verification of goods with neighboring customs authority, examination of goods by other government agencies, and automated customs procedures. The rest 23.0% is explained by other factors at Namanga OSBP not studied in this research. In summary the three factors studied namely; joint verification of goods with neighboring customs authority, examination of goods by other government agencies, automated customs procedures, explain or determine 77.0% of the relationship while the rest

23.0% is explained or determined by other factors such as slow collection of duties and taxes, delayed inspection, delayed transaction, low IT applications and archaic systems and procedures.

4.4.2 Pearson Correlation Analysis

A correlation is a number between -1 and +1 that measures the degree of association between two variables. A positive value for the correlation implies a positive relationship. A negative value for the correlation implies a negative or inverse association. After the descriptive analysis, the study conducted Pearson correlation analysis to assess the strength of the association between the predicted and explanatory variables or among the latter. It thus helps in determining the strengths of association in the model, that is, which variable best explained the relationship between the cross-border trade at Namanga OSBP.

Table 4.16: Correlation Analysis

		A	B	C	D
Cross-Border Trade Facilitation at Namanga OSBP	Pearson	1	.216*	.346	.657**
	Correlation				
	Sig. (2-tailed)		.042	.017	.000
	N	78	78	78	78
Joint Verification with Neighboring Customs	Pearson	.216*	1	.451**	.229*
	Correlation				
	Sig. (2-tailed)	.042		.000	.008
	N	78	78	78	78
Examination of goods by other government agencies	Pearson	.657**	.208		.383**
	Correlation				
	Sig. (2-tailed)	.717	.000		.008
	N	78	78	78	78
Automated Customs Procedures	Pearson	.433**	.229*	.398*	1
	Correlation				
	Sig. (2-tailed)	.000	.031	.000	
	N	78	78	78	78

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

Where **A** represents the dependent variable (Cross-border trade facilitation); and **B**, **C**, and **D** represent the three independent variables (joint verification of goods with neighboring customs authority, examination of goods by other local government agencies, automated customs procedures) respectively.

From the correlation analysis in the table 4.16, the study found that there is a positive relationship between joint verification of goods by customs from both countries and cross border trade facilitation, where the correlation coefficients was 0.216 and a p-value of 0.042. The study also found that examination of goods by other government agencies and the Cross-Border Trade Facilitation at Namanga OSBP correlate positively with correlation coefficients of 0.346. However, the relationship is significant as the p-value (0.017) is less than the significance level (0.05). The study further established that there is a positive significant relationship between Automated Customs Procedures and Cross-Border Trade Facilitation at Namanga OSBP with a correlation coefficient of 0.657 and p-value of 0.000. This infers that automated customs procedures were influencing cross-border trade at Namanga OSBP most, followed by examination of goods by other government agencies and joint verification with neighboring customs.

4.4.3 Analysis of Variance

Table 4.17: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig
1	Regression	34.909	4	8.7272	10.909	.000
	Residual	44.763	68	.658		
	Total	79.672	72			

a. Dependent Variable : Cross-border trade facilitation at Namanga OSBP

b. Predictors: (Constant), joint verification of goods with neighboring customs authority, examination of goods by other local government agencies, automated customs procedures

As illustrated in table 4.17 above, the significance value in testing the reliability of the model for the relationship between joint verification of goods with neighboring customs authority, examination of goods by other government agencies, automated customs procedures with cross-

border trade facilitation at Namanga OSBP was obtained as 0.000 which is less than 0.05 the critical value at 95% significance level. Therefore the model is statistically significant in predicting the relationship between dependent (Cross-border trade facilitation at Namanga OSBP) and independent variables of the study (joint verification of goods with neighboring customs authority, examination of goods by other local government agencies, automated customs procedures). The F value from the table is 10.909 indicating a significant model for the relationship as given by the regression coefficients. This shows that the overall model was statistically significant and reliable in explaining the influence of the predictor variables to cross-border trade facilitation at Namanga OSBP.

The unstandardized coefficients indicate how much the dependent variable (cross-border trade facilitation at Namanga OSBP) varies with an independent variable when all other independent variables (joint verification of goods with neighboring customs authority, examination of goods by other local government agencies, automated customs procedures) are held constant.

Table 4.18: Regression Coefficient Cross-border Trade Facilitation

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig
1	(Constant)	19.658	6.136		3.204	.007
	B	.768	.177	.282	4.339	.010
	C	.746	.215	.159	3.470	.040
	D	.776	.321	.485	2.417	.000
Dependent Variable: Cross-border trade facilitation at Namanga OSBP						

Where **B**, **C**, and **D** represent the three independent variables (joint verification of goods with neighboring customs authority, examination of goods by other local government agencies, automated customs procedures) respectively

The findings shown in table 4.18 indicate that all the variables had a positive and significant influence on cross-border trade facilitation at Namanga OSBP, since all the predictors were significant predictors of cross-border trade facilitation at Namanga OSBP because their P-values were less than 0.05. According to the results, joint verification of goods with neighboring customs authority had a significant influence on cross-border trade facilitation at Namanga

OSBP as shown by the coefficient ($B = 0.768$, $t = 3.194$, $p > 0.007$). Examination of goods by other local government agencies also showed a significant influence on Cross-border trade facilitation at Namanga OSBP with the coefficients ($B=0.746$, $t = 2.950$, $p > 0.010$) indicating a positive effect on cross-border trade facilitation at Namanga OSBP. Similarly, automated customs procedures indicated a significant positive influence on cross-border trade facilitation at Namanga OSBP with coefficients ($B = 0.776$, $t = 4.111$, $p > 0.000$).

The study used the following regression model:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where:

Y = Dependent variable (Cross-border trade facilitation at Namanga OSBP)

β_0 = constant

β_1, β_2 and β_3 = the regression co-efficient

X = Independent variable

X_1 - Joint verification of goods with neighboring country's customs authority

X_2 - Examination of goods by other local government agencies

X_3 – Automated customs procedures

ε = Stochastic term or error term

Therefore;

Cross-border trade facilitation at Namanga OSBP = $19.658 + 0.768$ Joint verification of goods with neighboring country's customs authority + 0.746 Examination of goods by other local government agencies + 0.776 Automated customs procedures

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter deals with the summary of the findings and provides conclusions of the findings in relation to the study. It also highlights recommendations and suggestions for further study.

5.2 Summary of the Study

From the findings in chapter four, the study was able to establish the determinants of cross-border trade facilitation on the three variables of joint verification of goods with neighboring country's customs authority, examination of goods by other local government agencies, automated customs procedures. These variables have a direct effect on cross-border trade facilitation at Namanga OSBP. The correlation analysis indicates the coefficient of correlation, r equal to 0.768, 0.646 and 0.776 joint verification of goods with neighboring country's customs authority, examination of goods by other local government agencies, automated customs procedures. This indicates a very strong positive relationship between the independent variables, joint verification of goods with neighboring country's customs authority, examination of goods by other local government agencies, automated customs procedures and the dependent variable cross-border trade facilitation at Namanga OSBP. This implies that the studied independent variables namely joint verification of goods with neighboring country's customs authority, examination of goods by other local government agencies, automated customs procedures have significant effect on cross-border trade facilitation at Namanga OSBP.

5.2.1 Joint Verification of Goods with Neighboring Country's Customs Authority

The study established that joint verification of goods with neighboring country's customs authority directly influences cross-border trade facilitation at Namanga OSBP on the time taken to verify the required standards and the time and cost of producing documentations for clearance. This study therefore recommends that the more plans should be in place to make sure all the goods crossing the border are jointly verified at the same time with the interested custom authorities with no exemptions. The research also established that Namanga OSBP should expand its area of inspection and employ more customs officers so as to enable speedy verification and release of goods.

5.2.2 Examination of Goods by other Local Government Agencies

The study established that examination of goods by other local government agencies affects cross-border trade facilitation at Namanga OSBP. There are other government agencies such as Kenya Bureau of Statistics (KEBS), Kenya Plant Health Inspectorate Service (KEPHIS) that are mandated to examine goods that cross the border. The research found out that the examination of goods by these government agencies has an impact on the time that goods spend at the customs areas. For instance, some traders are normally forced to spend extra cash paying for warehouse charges as they wait for permits which in some instances might take weeks. The research recommends that the issuance of permits and licenses be fully automated to fasten the process of inspection.

5.2.3 Automated Customs Procedures

The study established that automated customs procedures affect cross-border trade facilitation at Namanga OSBP. Modernization of Customs procedures so as to expedite the declaration,

verification and release of goods acts as a trade facilitation tool as it lowers the container dwell time. The introduction of the Document Processing Centre at KRA has made it possible for traders to make timely declaration just before their goods reach the customs area. The move helps in reducing the time spent in customs areas and also lowers the cost of doing business across the border as traders would not incur extra charges of hiring warehouses.

5.3 Conclusion of the Study

From the research findings, the study concluded all the independent variables studied have significant influence on cross-border trade facilitation as indicated by the strong coefficient of correlation and a p-value which is less than 0.05. The overall influence of the analyzed factors was very high as indicated by the coefficient of determination. The overall P-value of 0.00 which is less than 0.05 (5%) is an indication of relevance of the studied variables, significant at the calculated 95% level of significance. This implies that the studied independent variables namely joint verification of goods with neighboring country's customs authority, examination of goods by other local government agencies, automated customs procedures have significant influence on cross-border trade facilitation at Namanga OSBP.

5.4 Recommendations

The three factors influencing cross-border trade facilitation at Namanga OSBP are joint verification of goods with neighboring country's customs authority, examination of goods by other local government agencies, and automated customs procedures. The study therefore recommends more improvements and continued use of automated systems to support the customs clearance process. The launch of one-stop-border-posts has also been highlighted as a major step towards trade facilitation across the borders. Therefore, it is recommendable that

more customs officers from both KRA and TRA be stationed at Namanga so that the joint verifications become more efficient. KEBS is also supposed to station more officers at the Namanga OSBP to facilitate the examination of goods and save the traders from time wastage at the border point.

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APPENDICES

APPENDIX 1: INTRODUCTION LETTER

Ochieng' Dennis Ouma

P.O. Box 5901-00100,

Nairobi, Kenya

TO CONCERNED PERSON

Dear sir/madam,

RE: Introduction Letter

I am a student from the Kenya School of Revenue Administration (KESRA) pursuing a Post-Graduate Diploma in Customs Administration. I am carrying out a research on “Determinants of Cross-Border Trade Facilitation at the Namanga One-Stop-Border-Point.”

Please assist me with responding to the questionnaire and/or providing any other relevant data so as to enable the attainment of the research objectives.

The confidentiality of all the respondents for this study is guaranteed.

Yours Faithfully,

Ochieng' Dennis Ouma

APPENDIX 2: QUESTIONNAIRE

SECTION A). Socio-Demographic Profile

1. What is your gender?

Male ☐ Female ☐

2. Please indicate your age group:

18-28years ☐ 29-38years ☐ 39-48years ☐ 49years and above ☐

3. Indicate your highest level of education:

O-Levels ☐ Certificate ☐ Diploma ☐ Degree ☐ Post-Graduate ☐

4. What agency or corporation or occupation do you work for?

Clearing and forwarding firm ☐ KRA Customs ☐ KEBS ☐ Cross-border Trader ☐

5. What is the duration you have been working with the agency/occupation?

Below 5years ☐ 5-10years ☐ 11-15years ☐ over 15years ☐

B). Joint Verification of Goods with Neighboring Customs Authority

i). Documentation

Tick appropriately to respond to the following question; use the key below and pick just one choice from the range of 1 to 5:

5-Strongly Agree, 4-Agree, 3-Undecided, 1-Disagree, and 1-Strongly Disagree

	5	4	3	2	1
The documentation required for the joint verification consumes a lot of time					

The documentation required at this stage increases the cost of doing trade at the border					
--	--	--	--	--	--

ii). Required standards

Tick appropriately to respond to the following question; use the key below and pick just one choice from the range of 1 to 5:

5-Strongly Agree, 4-Agree, 3-Undecided, 2-Disagree, and 1-Strongly Disagree

	5	4	3	2	1
A lot of time is saved as customs officers from the two countries verify for the required standards together					
The cost of doing business across the border is lowered by joint verification of required standards					

C. Examination of Goods by Other Government Agencies

i). Physical Inspection of Goods

Tick appropriately to respond to the following question; use the key below and pick just one choice from the range of 1 to 5:

5-Strongly Agree, 4-Agree, 3-Undecided, 2-Disagree, and 1-Strongly Disagree

	5	4	3	2	1

The time allocated to other local government agencies to physically inspect goods slow down the rate of cross-border trade facilitation					
The cost of doing business across the border increases as traders spend more time at customs areas waiting for physical inspection of goods by other local government agencies					

ii). Documents needed

Tick appropriately to respond to the following question; use the key below and pick just one choice from the range of 1 to 5:

5-Strongly Agree, 4-Agree, 3-Undecided, 2-Disagree, and 1-Strongly Disagree

	5	4	3	2	1
The licensing and issuance of permits by other government agencies makes traders spend more time at the Namanga OSBP					
Production and presentation of the documents needed for licensing and issuance of permits by other government agencies increases the cost of cross-border trade					

D. Automated Customs Procedures

i). Online declaration

Tick appropriately to respond to the following question; use the key below and pick just one choice from the range of 1 to 5:

5-Strongly Agree, 4-Agree, 3-Undecided, 2-Disagree, and 1-Strongly Disagree

	5	4	3	2	1
The online declaration of goods through the document processing center (DPC) has reduced the time of clearing goods across the border					
The online declaration of goods through the document processing center (DPC) has lowered the cost of doing business across the border					

ii). Electronic cargo scanning

Tick appropriately to respond to the following question; use the key below and pick just one choice from the range of 1 to 5:

5-Strongly Agree, 4-Agree, 3-Undecided, 2-Disagree, and 1-Strongly Disagree

	5	4	3	2	1
The electronic cargo scanning has helped customs save a lot of time when securing cross-border trade					

The electronic cargo scanning has helped customs reduce its cost of securing cross-border trade					
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E. Cross-Border Trade Facilitation

Tick appropriately to respond to the following question; use the key below and pick just one choice from the range of 1 to 5:

5-Strongly Agree, 4-Agree, 3-Undecided, 2-Disagree, and 1-Strongly Disagree

	5	4	3	2	1
The joint verification of goods by customs authorities from both countries has impacted cross-border trade facilitation at Namanga OSBP					
The launch of a document processing center (DPC) has influenced the rate of cross-border trade facilitation at Namanga					
The cost of doing cross-border trade is directly related to the number of other government agencies that should verify a trader's goods					

QUESTIONNAIRES

SECTION A). Socio-Demographic Profile

1. What is your gender?

Male ☒ Female ☐

2. Please indicate your age group:

18-28years ☒ 29-38years ☐ 39-48years ☐ 49years and above ☐

3. Indicate your highest level of education:

O-Levels ☐ Certificate ☐ Diploma ☒ Degree ☐ Post-Graduate ☐

4. What agency or corporation or occupation do you work for?

Clearing and forwarding firm ☐ KRA Customs ☐ KEBS ☐ Cross-border Trader ☒

5. What is the duration you have been working with the agency/occupation?

Below 5years ☒ 5-10years ☐ 11-15years ☐ over 15years ☐

B). Joint Verification of Goods with Neighboring Customs Authority

i). Documentation

Tick appropriately to respond to the following question; use the key below and pick just one choice from the range of 1 to 5:

5-Strongly Agree, 4-Agree, 3-Undecided, 1-Disagree, and 1-Strongly Disagree

	5	4	3	2	1
The documentation required for the joint verification consumes a lot of time		✓			
The documentation required at this stage increases the cost of doing trade at the border			✓		

ii). Required standards

Tick appropriately to respond to the following question; use the key below and pick just one choice from the range of 1 to 5:

5-Strongly Agree, 4-Agree, 3-Undecided, 2-Disagree, and 1-Strongly Disagree

	5	4	3	2	1
A lot of time is saved as customs officers from the two countries verify for the required standards together	✓				
The cost of doing business across the border is lowered by joint verification of required standards	✓				

C. Examination of Goods by Other Government Agencies

i). Physical Inspection of Goods

Tick appropriately to respond to the following question; use the key below and pick just one choice from the range of 1 to 5:

5-Strongly Agree, 4-Agree, 3-Undecided, 2-Disagree, and 1-Strongly Disagree

	5	4	3	2	1
The time allocated to other local government agencies to physically inspect goods slow down the rate of cross-border trade facilitation	✓				
The cost of doing business across the border increases as traders spend more time at customs areas waiting for physical inspection of goods by other local government agencies	✓				

ii). Documents needed

Tick appropriately to respond to the following question; use the key below and pick just one choice from the range of 1 to 5:

5-Strongly Agree, 4-Agree, 3-Undecided, 2-Disagree, and 1-Strongly Disagree

	5	4	3	2	1
The licensing and issuance of permits by other government agencies makes traders spend more time at the Namanga OSBP		✓			
Production and presentation of the documents needed for licensing and issuance of permits by other government agencies increases the cost of cross-border trade	✓				

D. Automated Customs Procedures

i). Online declaration

Tick appropriately to respond to the following question; use the key below and pick just one choice from the range of 1 to 5:

5-Strongly Agree, 4-Agree, 3-Undecided, 2-Disagree, and 1-Strongly Disagree

	5	4	3	2	1
The online declaration of goods through the document processing center (DPC) has reduced the time of clearing goods across the border	✓				
The online declaration of goods through the document processing center (DPC) has lowered the cost of doing business across the border	✓				

ii). Electronic cargo scanning

Tick appropriately to respond to the following question; use the key below and pick just one choice from the range of 1 to 5:

5-Strongly Agree, 4-Agree, 3-Undecided, 2-Disagree, and 1-Strongly Disagree

	5	4	3	2	1
The electronic cargo scanning has helped customs save a lot of time when securing cross-border trade		✓			
The electronic cargo scanning has helped customs reduce its cost of securing cross-border trade	✓				

E. Cross-Border Trade Facilitation

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5-Strongly Agree, 4-Agree, 3-Undecided, 2-Disagree, and 1-Strongly Disagree

	5	4	3	2	1
The joint verification of goods by customs authorities from both countries has impacted cross-border trade facilitation at Namanga OSBP	✓				
The launch of a document processing center (DPC) has influenced the rate of cross-border trade facilitation at Namanga	✓				
The cost of doing cross-border trade is directly related to the number of other government agencies that should verify a trader's goods		✓			

QUESTIONNAIRES

SECTION A). Socio-Demographic Profile

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	5	4	3	2	1
The documentation required for the joint verification consumes a lot of time			☒		
The documentation required at this stage increases the cost of doing trade at the border				☒	

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A lot of time is saved as customs officers from the two countries verify for the required standards together	☒				
The cost of doing business across the border is lowered by joint verification of required standards	☒				

C. Examination of Goods by Other Government Agencies

i). Physical Inspection of Goods

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	5	4	3	2	1
The time allocated to other local government agencies to physically inspect goods slow down the rate of cross-border trade facilitation				☒	
The cost of doing business across the border increases as traders spend more time at customs areas waiting for physical inspection of goods by other local government agencies		☒			

ii). Documents needed

Tick appropriately to respond to the following question; use the key below and pick just one choice from the range of 1 to 5:

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	5	4	3	2	1
The licensing and issuance of permits by other government agencies makes traders spend more time at the Namanga OSBP			☒		
Production and presentation of the documents needed for licensing and issuance of permits by other government agencies increases the cost of cross-border trade			☒		

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	5	4	3	2	1
The online declaration of goods through the document processing center (DPC) has reduced the time of clearing goods across the border	☒				
The online declaration of goods through the document processing center (DPC) has lowered the cost of doing business across the border	☒				

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	5	4	3	2	1
The electronic cargo scanning has helped customs save a lot of time when securing cross-border trade	☒				
The electronic cargo scanning has helped customs reduce its cost of securing cross-border trade	☒				

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	5	4	3	2	1
The joint verification of goods by customs authorities from both countries has impacted cross-border trade facilitation at Namanga OSBP	☒				
The launch of a document processing center (DPC) has influenced the rate of cross-border trade facilitation at Namanga	☒				
The cost of doing cross-border trade is directly related to the number of other government agencies that should verify a trader's goods	☒				



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Kenyan exports to EAC decline

KENYAN EXPORTS TO EAC DECLINE

May 4, 2018

Nairobi. Kenya's exports to the East African region fell to \$1.14b last year from \$1.21b in 2016, largely due to a slowdown in the performance of manufacturing sector and persistent trade disputes with Tanzania.

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The Kenya National Bureau of Statistics (KNBS) Economic Survey 2018 shows that Kenya's trade with East Africa member states dropped from \$1.26b in 2015.

Uganda, Kenya's biggest regional market, sliced its imports from Kenya to \$618m from \$622m the previous year. Exports to Rwanda also dropped to \$171m, from \$175m in 2016.

Tanzania recorded the biggest cut in imports, from \$348m in 2016 to \$285m last year.

The manufacturing sector output volume declined by 1.1 per cent mainly on account of reduced production of food products, beverages and tobacco, leather and related products, rubber and plastics and non-metallic minerals.

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1/5

Kenyan exports to EAC decline | TradeMark East Africa

Nonetheless, East Africa remained the leading destination of Kenya's exports, despite a 4.6 per cent decline in the value of total exports during the year.

"The decline in total export earnings from the East African Community is partly attributed to a reduction in the value of exports to Africa, since the region accounts for more than half of total exports to the continent," KNBS said.

Kenya also registered the highest increase in imports from the continent — a 43 per cent jump to \$2b — accounting for 11.6 per cent of the total import bill.

Imports from the Comesa, for instance, accounted for 57.5 per cent of total value of imports from Africa. Uganda and Egypt were the dominant sources of imports, with a combined value of \$774m.

"Imports from Uganda more than doubled from \$193m in 2016 to \$420m in 2017 on account of increased import of milk and milk products, beans, animal feeds, maize and other unmilled cereals. The value of imports of these commodities accounted for 66.2 per cent of the total imports from Uganda in 2017," KNBS said.

Uganda became the largest source of goods ordered by Kenyans, with food imports, mostly maize and other cereals, topping the bill.

South African exports to Kenya also rose from \$499m to \$619m, largely driven by an increase in the value of imported maize, iron and steel, motor vehicles and coal.

The maize imported from South Africa during the year was \$77m, accounting for 19.1 per cent of the total import expenditure in 2017.

The increase in imports from Egypt was partly attributable to an

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