

**THE EFFECT OF CUSTOMS PROCEDURES ON CROSS  
BORDER MAIZE TRADE: A CASE STUDY OF NAMANGA  
BORDER POST**

**BY**

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**A research Project submitted to the Institute for Development Studies in Partial  
Fulfilment of the Requirements for the Award of the Degree of Master of Arts in  
Development Studies, University of Nairobi.**

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## DECLARATION

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

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## **DEDICATION**

I dedicate this research to my loving wife Caroline Wawira and son William Masinde for the patience, support and the love they showed me in the course of my studies. And, to my parents who have always been supportive of me and have been a source of inspiration to me, thank you. I pray that God Almighty blesses you all abundantly.

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I profoundly acknowledge the priceless input made by different people in this research. However, the views expressed therein are solely mine. I am therefore responsible for any errors and/or omissions in the report.

## ABSTRACT

*Traders who use formal trading routes across national borders are required to comply with laid down customs procedures. Such procedures often consist of documentary and administrative processes, which traders have to follow whether they understand them or not if they are to be allowed to participate in cross border trade. These procedures are said to affect both the volume of trade and the choice of route taken by some traders. This research looks at traders' perceptions regarding customs procedures and how these affect their participation in cross border maize trade.*

*Carried out at the Namanga border post in Kenya, the research took a qualitative approach, which enabled the researcher to gain deeper understanding of how customs procedures affect cross border maize trade. Cross border maize traders were the key respondents. They are directly affected by customs procedures irrespective of their understanding of such processes. The researcher used a purposive sampling approach in identifying the respondents and other key informants that were interviewed. Apart from traders, a number of other key players in cross border trade were interviewed. These included clearing agents and officials of Kenya Revenue Authority, Kenya Plant Health Inspectorate Service, Kenya Bureau of Standards and Port Health. These were interviewed to gauge their understanding of the effect of customs procedures on cross border maize trade.*

*Traders consisted of a mix of small and large ones depending on the volume of maize they dealt in at any given time. Of the eleven traders that were interviewed, two were women. Of the two women, one was involved in formal cross border trade.*

*Findings are presented in thematic areas such as nature of cross border trade, characteristics of cross border maize traders, trade facilitating agents, customs procedures as well as formality and informality of trade.*

*Some of the key findings included the discovery of traders' diverse understanding of customs procedures. A number of the traders said their understanding of customs of procedures was little while others portrayed good understanding of these procedures. All the traders interviewed but one said they hired clearing agents to handle the customs clearance processes on their behalf. The traders are subjected to similar procedures apart from those with previous customs offences. These are subjected to very rigorous and lengthy verification processes.*

*These findings enlarge the basket of knowledge available on formal cross border maize trade in East Africa. Equally, it is anticipated that policy makers would refer to such findings when planning to put in place policies or measures to support cross border maize trade in East Africa.*

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## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background**

Maize is an important agricultural commodity and staple food in East Africa due to its production, consumption and trade related matters. The commodity constitutes a large share of the agricultural gross domestic product (GDP), rural employment and consumption. It is also one of the most significant commodities in the East African Community (EAC) integration process. Often, it is a target of political and economic controversy with periodic bans by governments such as Tanzania to neighbouring states for purposes of safeguarding domestic food security (Kamau and Omiti, 2012).

In the East African region, maize makes up to 36 per cent of calorie intake followed by wheat (9 per cent), beans (5 per cent) and rice (3 per cent). It is a pillar of food security in the EAC with many households considering it as the single most important staple food. Accessibility of the commodity in sufficient quantities is also equated with food security situation in the EAC. The commodity is mainly rain-fed and often experiences poor harvests and production fluctuations from time to time. Production varies from country to country with supply and demand needs often being met by trade within the region (Gross et al, 2011) as seen in Tables 1.1, 1.2 and 1.3.

Notwithstanding its significance to the food security status in East Africa, maize is one of the most traded agricultural commodities in the region. It makes a significant contribution to incomes of rural households (Kamau and Omiti, 2012). Whereas the governments of Kenya, Tanzania and Uganda have endorsed a common market for maize trade, implementation continues to fall below expectations. The government of Tanzania, for instance, often enforces embargoes on exports thus hampering intra-regional maize trade. These measures are however, normally circumvented through informal maize trading (Gross et al, 2011).

Kenya, whose annual per capita maize consumption is 88kgs, is a net importer of the commodity. On the other hand, Uganda and Tanzania produce sufficient stocks to meet both

local and regional demand. Kenya also often relies on maize imports from outside the EAC region and more specifically from the COMESA trading bloc to cover up for domestic production deficits and when countries such as Tanzania enforce export bans on the commodity (GTZ Trade Programme, 2008). But, according to Wilson and Lewis (2015), Tanzania has the potential to not only feed herself but also service the export market for maize in neighbouring countries and elsewhere in the region. It is estimated that by 2020, regional demand for imported maize will reach 8.8 million tonnes. With the right strategies in place, it is possible that Tanzania could export about 2.2 million tonnes of maize to her neighbours by 2020 (Wilson and Lewis, 2015).

According to the World Bank (2012), the year 2011 was characterised by tough economic conditions following a surge in food and fuel prices in not only Kenya but also in other parts of the world. Drought in the horn of Africa exposed the region's vulnerability to acute food shortages. The food crisis put the spirit of the EAC integration process to test.

Tanzania placed an export ban on maize to the EAC region and beyond in July 2011. The embargo affected even the 100,000 tonnes of maize grain that Tanzania had set aside for export to other countries such as Kenya in the EAC region. As a result, maize prices in Tanzania fell, depressing farmers' earnings, while prices of the commodity rose sharply in other regional countries.

A Survey done by Mmasi and Ihiga (2007) identified a number of non-tariff barriers (NTBs) that directly affect trade in the EAC region. These include cumbersome customs and administrative documentation procedures, demanding inspection requirements and police roadblocks. A study by RATES (2003a) established that there is a huge regional maize market that is serviced from extra regional imports.

Wilson and Lewis (2015) indicate that rather than having to enforce export bans periodically, Tanzania, which has a high potential of producing sufficient maize for herself and the East African region, should focus on increasing her production to tap into the huge regional maize market. Wilson and Lewis (2015) further emphasise the need for reliable information to

enable the planning and development of Tanzania's maize sub-sector. This is more important now as misleading information has been used to justify periodic maize export bans.

In spite of existing potential for maize trade within the EAC and COMESA trading blocs, infrastructural difficulties, lack of market information and adverse trade policies impede maize trade in the region. These impediments manifest themselves in the form of NTBs. The RATES (2003a) study recommended the need to relax import and export restrictions on maize trade and harmonise or eliminate non-tariff charges on regionally sourced maize. It also called for harmonisation of quality and safety standards. In addition, the study recommended that customs clearance procedures be simplified to promote maize trade in the region. According to World Bank (2012), trade policy restrictions often drive cross-border traders from formal to informal channels.

*Because handling for small consignments—with transfers from truck to bicycle and back on to trucks—to avoid border controls is costly, NTBs raise trade costs and widen food prices margins within regional markets... SSA countries that have resisted using NTBs to limit their food staple trade (South Africa, Uganda, Mali, and Mozambique) and adopted more open border policies for these products have seen benefits through higher production, exports, and trade. For example, Uganda's position as a net food exporter, particularly to Southern Sudan, Western Kenya, and organic markets in Europe, has become especially important with the government fighting domestic political pressure to limit food exports as a way of reducing the country's high food prices.*

*World Bank, 2012.*

Maize trade between Kenya, Uganda and Tanzania is imperative as it helps to level out periodic production fluctuations. It is particularly important in helping Kenya to cover up for her production deficits that have made the country a net importer of the commodity. On average, in the years up to 2008, Kenya's net maize imports equalled almost 9 per cent its production level (Gross et al, 2011). Average imports from 1980 to 1992 were estimated at about 18,000 tonnes annually. This shot up to about 218,000 tonnes per year during the period between 1993 and 2008.

According to Wilson and Lewis (2015), Tanzania maize exports in 2011 were estimated to be about 125,700 tonnes out of which 104,720 tonnes went to Kenya. This highlights the importance of Kenya as a big market for Tanzanian maize. Equally, while maize has been grown for a long time in Uganda (production and consumption statistics in Table 1.1), unlike

Kenya and Tanzania, maize does not constitute a major part of the population's conventional diet. Maize is therefore grown primarily for income generation rather than specifically for food security as is the case in Kenya and Tanzania (MAFAP, 2013). Uganda is estimated to have exported 8 to 12 per cent of the maize it produced between 2004 and 2010. Informal or unofficial maize exports however surpassed by far the formal or official exports according to MAFAP (2013).

Uganda's maize export market is largely within Eastern and Southern Africa, the Democratic Republic of Congo and South Sudan. Even as Uganda's export potential for maize is estimated at between 2,000,000 and 2,500,000 tonnes each year, the country has only managed to formally export half of the estimated amount. This is an indication of a low level of penetration into regional markets due to the poor rural road network and limited business exposure (MAFAP, 2013). A regional grain market, with free maize trade between Kenya, Tanzania and Uganda, is nevertheless important in mitigating national supply and demand imbalances.

While trade agreements are in place to allow for free flow of maize within the EAC region, governments tend to act nationalistically when they perceive a threat of a local maize shortage (Gross et al, 2011). In Tanzania, for instance, maize is a highly political commodity as frequent trade measures limiting exports to neighbouring countries are put in place for this reason (Barreiro-Hurle, 2012). Informal trade in the commodity partly exists and persists because of the many restrictive trade practices that inhibit free flow of maize between Kenya and Tanzania despite it being a zero-rated commodity in the EAC (Rotich, 2014).

Different sources indicate that informal trade, which accounts for about 60 per cent of regional trade in staple grains such as maize, plays a crucial role in the flow of the commodity within the EAC. According to Wilson and Abiola (2003), elimination of NTBs, including restrictive standards, certification processes, rules of origin, anti-dumping requirements and technical regulations, have the potential of enhancing cross border trade in maize.

**Table 1.1: Maize Production in Kenya, Tanzania & Uganda (2008 - 2013) in Tonnes**

Country	2008	2009	2010	2011	2012	2013
Kenya	2,367,237	2,439,000	3,464,541	3,376,862	3,600,000	3,390,941
Tanzania	5,440,710	3,326,200	4,733,070	4,340,823	5,104,248	5,356,350
Uganda	2,315,000	2,355,000	2,374,000	2,551,000	2,734,000	2,750,000

*Source: FAO Statistics, 2014, Uganda Bureau of Statistics/Ministry of Agriculture, Animal Industry and Fisheries, 2013, FAO/Global Early Warning System (GEWS), 2015.*

Between 2004 and 2013, Tanzania consistently produced more maize than Kenya (Tables 1.2 and 1.3) with the country maintaining its position as a major exporter, especially to Kenya, which is a net importer of the commodity. The demand for maize in Kenya has been on the rise, outstripping supply (Table 1.2) between 2003 and 2013 except in 2010 when production was higher (by 22,000 tonnes) than the estimated consumption for that year. Earlier in 2006, production exceeded the estimated consumption level of 3,152,000 tonnes by 97,000 tonnes.

At the end of 2008, maize harvests in Kenya were below the average consumption level due to high cost of fertiliser and fuel as well as erratic rains. The situation was aggravated by the 2007/2008 post-election violence that disrupted maize production in the country. The country needed to import about one million tonnes of maize to avert imminent shortage, with maize purchases from neighbouring Tanzania and Uganda needed to satisfy Kenya's domestic consumption requirements. Tanzania had, however, imposed an export ban on the commodity (Ariga, Jayne and Njuki, 2010). This is notwithstanding the fact that Malawi and Zambia have also on several occasions imposed export ban on maize to avert looming shortages in their countries. An import duty of 50 per cent that Kenya had maintained on maize passing through Mombasa port in 2008 made importation of maize by private enterprises unprofitable. Similarly, Uganda had on several occasions opted to sell most of her maize to South Sudan due to higher prices the commodity fetched in the country compared to prices offered in Kenya (USDA, 2013).

The export ban on maize by Tanzania between July 2003 and October 2011 lasted for a cumulative period of 72 months. Whereas the temporary export bans that Tanzania imposes on maize are in the interest of her own food security, majority of Tanzanian farmers perceive this protectionist tendency as a disincentive for maize production. The farmers consider

exporting the commodity to regional countries such as Kenya, Zambia or Rwanda as more lucrative alternatives compared to the low prices they get from selling within the domestic market (Ariga, Jayne and Njuki, 2010). The Kenyan government resorted to importing 135,000 tonnes of maize from South Africa in 2008 to cover up for the deficits. On the other hand, informal imports from both Tanzania and Uganda in the period were estimated to be about 120,000 tonnes (USDA, 2013).

**Table 1.2: Kenya Maize Production, Consumption & Imports in Tonnes (2003 - 2013)**

Year	Production	Consumption	Imports
2013	3,390,940	3,650,000	800,000
2012	3,600,000	3,600,000	224,000
2011	3,376,000	3,550,000	411,000
2010	3,222,000	3,200,000	100,000
2009	2,439,000	3,501,000	1,200,000
2008	2,367,000	3,381,000	288,000
2007	2,925,000	3,265,000	254,000
2006	3,249,000	3,152,000	275,000
2005	2,916,000	3,044,000	252,000
2004	2,454,000	2,802,000	347,000
2003	2,783,375	3,250,000	115,900

Sources: EPZA, 2005; USAID, 2010; Munyua et al, 2010; USDA, December 2013 and ACORD, 2014.<sup>1</sup>

**Table 1.3: Tanzania Maize Production, Consumption & Exports in Tonnes (2003 - 2013)**

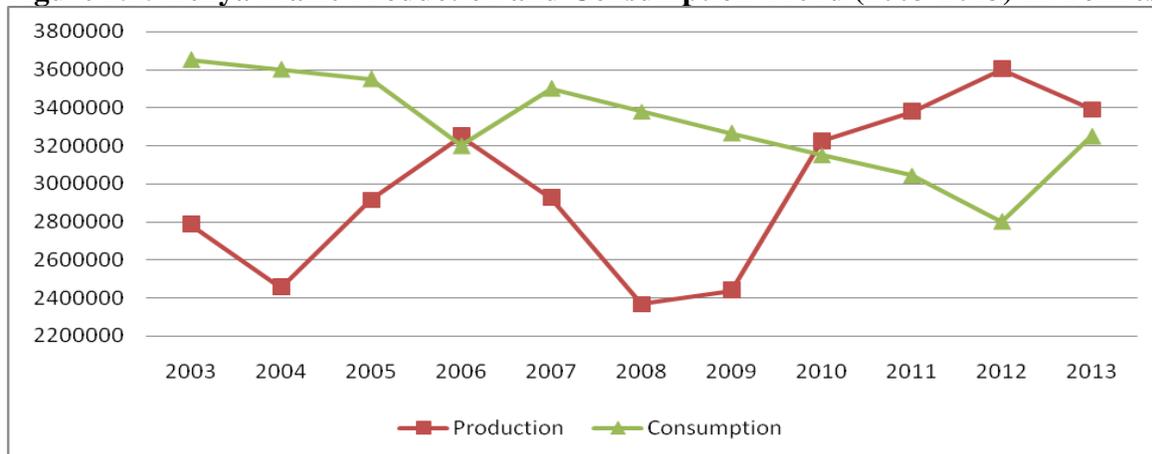
Year	Production	Consumption	Imports	Exports
2013	5,356,000	4,739,900	55,120	220,500
2012	5,104,000	4,739,900	27,560	110,200
2011	4,340,000	3,913,200	13,200	125,800
2010	4,733,000	3,913,200	20,500	118,300
2009	3,326,000	3,803,970	7,070	110,900
2008	5,440,000	4,133,700	60,630	103,400
2007	4,034,500	4,023,400	7,290	96,000
2006	3,718,100	3,803,000	278,500	25,900
2005	3,638,000	3,747,900	179,700	111,770
2004	3,560,000	3,196,700	141,500	59,200
2003	2,557,000	2,866,000	83,780	172,000

Sources: Source: USDA, 2011; FAO, 2015; Indexmundi.com, 2015.

<sup>1</sup> The researcher faced the challenge of identifying reliable data on Kenya's maize imports from specific countries such as Tanzania, Uganda, South Africa, Zambia and Malawi in any given period, say between 2003 and 2013. This was due to the different and conflicting sets of data on imports from a specific country for specified years the researcher came across. The data sets had huge variations in terms of the quantities of maize imported and could therefore, not be relied upon to give a true picture of Kenya's maize imports from particular countries in specific years. The researcher opted to use cumulative figures on Kenya's maize imports in the specified periods (Table 1.2) rather than from specific countries.

The main sources of Kenya’s maize imports from within East Africa are northern Tanzania and eastern Uganda. Tanzania specifically supplies large stocks of maize to Kenya, although the trade flow between the two countries keeps fluctuating due to erratic weather and/or political circumstances (Dabalen and Saumik, 2014). Kenya’s imports from the international market stood at about 411,000 tonnes in 2011, 224,000 tonnes in 2012 and 800,000 tonnes in 2013 as shown in Table 1.2 (Curtis, 2014). In the rest of the years except 2006, 2010 and 2012 (as shown in Table 1.2 and Figure 1.1), production has always been below consumption estimates.

**Figure 1.1: Kenya Maize Production and Consumption Trend (2003-2013) In Tonnes**



Sources: EPZA, 2005; USAID, 2010; Munyua et al, 2010; USDA, December 2013 and ACORD, 2014.

Maize production in 2012 registered strong growth, supporting the agricultural sector’s strong expansion as a result of good rainfall experienced in the year (World Bank, 2013). Improved fertiliser usage and the expansion of acreage under maize cultivation in 2006 and 2010 contributed to significant increase in production of maize in the period (USAID, 2014). Significant maize production declines recorded in 2007 and 2008 was as a result of drought, high fertiliser prices, and 2007/2008 post-election violence in Kenya (USAID, 2014).

Kenya imported maize in all the years (Table 1.2) but the lowest imports of 100,000 tonnes were recorded in 2010 when production surpassed consumption estimates. A significant increase in imports in 2009 (at 1.2 million tonnes) was largely occasioned by the 2007/2008 post-election violence that disrupted maize production in the country as well as a drought that

occurred in 2009, which exposed many households in the country to food scarcity. Anecdotal sources indicate that demand for the commodity is projected to stand at over 5 million tonnes by 2020 with the country expected to continue experiencing a major deficit in maize production.

In 2014, the Ministry of Agriculture had estimated that maize production would hit 3.6 million tonnes (Ecobank Research, 2014) matching the consumption level for that year. This would have helped lessen the need for imports of the commodity. However, the outbreak of the Maize Lethal Necrosis Disease (MLND) affected approximately 70 per cent of maize producers in the country thereby cutting production by a third to about 2.9 million tonnes. This required that the country imports 900,000 tonnes of maize to fill the deficit (Ecobank Research, 2014).

**Table 1.4: Forecast Maize Production, Consumption & Imports in Kenya (Tonnes)**

	2014 <sup>e</sup>	2015 <sup>f</sup>	2016 <sup>f</sup>	2017 <sup>f</sup>	2018 <sup>f</sup>
Production	2,900,000	3,000,000	3,200,000	3,400,000	3,500,000
Consumption	3,800,000	3,900,000	4,000,000	4,100,000	4,200,000
Imports	900,000	900,000	1,000,000	700,000	700,000

e = estimate; f = forecast.

Source: BMI Research, 2014.

Between 2015 and 2018, maize production in Kenya is projected to increase by 500,000 tonnes to 3.5 million tonnes (Table 1.4). Consumption, on the other hand, is projected to increase from 3.9 million tonnes in 2015 to 4.2 million in 2018, with imports from neighbouring Tanzania and Uganda or outside the EAC region expected to make up for the deficit (Sihlobo, 2014).

Despite Kenya, Tanzania and Uganda being important trade partners, formal trade linkages remain inhibited by numerous factors that have encouraged the growth of informal or unrecorded trade (RATES, 2003b). Between 2004 and 2006 for instance, Uganda's informal maize exports to Kenya amounted to a total of 398,723 tonnes valued at US\$73 million. This represented almost five times the volume of formal maize export flows from Uganda to Kenya over the same period (Lesser and Moisé-Leeman, 2009). On the other hand, formal

exports of maize to Kenya from Uganda within the same period amounted to only US\$16.5 million.

According to MAFAP (2013), a significant volume of informal cross-border trade is not captured in formal statistics. Exports of commodities such as maize and beans are not well-defined and occur mostly through informal cross-border trade with neighbouring countries. The value of informal maize exports from Uganda to neighbouring countries in 2009 and 2010 were estimated at US\$36.7 million. Conversely, the value of formal maize exports in the same years were US\$29.1 million. Of all Uganda's five neighbouring countries, Kenya dominates the informal export destinations followed by the Democratic Republic of Congo, South Sudan, Rwanda and Tanzania (MAAIF, 2013).

Notwithstanding trade promotion protocols and market reforms within the EAC which largely eased restrictions on commodity movement, bureaucratic import and export processes still constrain formal trade between the three key trading partners. In addition, improper policy interventions in the commodity markets (especially in cross border maize trade) often distort prices in the domestic market, thereby encouraging the proliferation of informal cross-border trade as farmers and traders seek to benefit from higher prices offered in neighbouring countries' markets.

According to RATES (2003b), traders and government officials at the customs offices in the Malaba, Busia, Isebania and Lwakhakha border posts acknowledge the existence of widespread unofficial or informal cross border maize trade. Traders engage in informal trade because official customs procedures are too rigid, too long, too bureaucratic and costly thus increasing costs of cross border trade. At the Malaba or the Busia border, for instance, majority of the small scale cross border maize traders usually buy the commodity from their Ugandan counterparts just across the border. They then use bicycles to transport the same from Uganda to the Kenyan side (RATES, 2003b).

According to MAFAP (2013), maize trade along Uganda's eastern and southern borders with Kenya and Rwanda remains brisk as high demand for the commodity from the neighbouring

countries has increased flow of maize from production centres in Uganda to the borders. Trade in maize to these countries is largely informal. It is sold across borders through the Kenya-Uganda borders of Busia and Malaba for Kenya and Gatuna for Rwanda. Of all Uganda's neighbouring countries, Kenya dominates the informal export destinations followed by the Democratic Republic of Congo, South Sudan, Rwanda and Tanzania (MAFAP, 2013). Transportation is often carried out in trucks, handcarts, bicycles or by hand subject to the size of the load, route being used and the distance to be covered.

A lot of cargo that passes through informal or unofficial routes is often brought in large trucks which are parked adjacent to the borders. The cargo is then divided into smaller units that can easily be carried across the border by bicycle, handcarts or by hand. This method usually works well for products such as maize, wheat flour or soft drinks from source markets. A number of maize traders who own means of transport such as trucks or pick-ups often try to circumvent the costly or complex customs procedures (MAFAP, 2013).

Various sources estimate that the cost of trade procedures in import and export business is between 2 per cent and 15 per cent of the value of traded goods. Further, it is estimated that 77 per cent of the administrative burden on businesses in cross border trade regulation is related to customs procedures. The inaccuracy of information that is available to traders and their suppliers cost up to one (1) per cent of their total income. However, efforts by the EAC to facilitate free trade following the establishment of the Common Market protocol in 2010 have had a positive effect in raising the level of trade in the region (Ogada et al, 2013).

Many trade improvement programmes the EAC has implemented over the last decade have to some degree resulted in simplification of customs procedures. Some of such simplified customs procedures include waiver of the requirement for certificate of origin for small traders and provision of information to producers to minimise their exploitation by middlemen. Other on-going reforms include the establishment of one-stop border posts (OSBPs) between Kenya and her neighbouring countries of Uganda and Tanzania to expedite clearance of goods at border crossing points.

*While it is difficult to attribute the results of increased trade to specific interventions, there is evidence that the intra-EAC trade has increased tremendously... Total intra-EAC trade in agricultural commodities increased by about 77 per cent from US\$26 million in 2005 to US\$46 million in 2008. Total cross-border trade in maize, rice and beans increased by 65 per cent between 2004 and 2006, with maize being the most traded commodity.*

*Ogada et al. 2013.*

Despite the reforms in trade facilitation within the EAC, Ogada et al (2013) estimate that about 80 per cent of trade in agricultural products in the EAC region occurs informally. Anecdotal sources put this figure at 60 per cent. A bulk of the informal trade particularly in staple commodities such as maize is concentrated in areas near border crossing points due to complex customs procedures that traders have to comply with when using the formal trade routes. According to FSNWG (2015), the estimated informal maize imports by Kenya from Tanzania in 2014 totalled to 500,000 tonnes. The estimated informal maize imports by Kenya from Uganda in the same period stood at 340,000 tonnes. At 840,000 tonnes, the volume of maize that Tanzania and Uganda exported to Kenya through unofficial trade channels in 2014 was higher than the volume of maize Kenya imported through official trade routes in 2013 as shown in Table 1.2.

While benefits of free trade in maize and other agricultural commodities seem obvious, studies show barriers to trade are still persistent and limit the attainment of the full potential of trade. A number of the main barriers to trade in agricultural commodities include complicated customs procedures, export bans, poor information flow among market dealers, taxes and other charges, corruption and poor infrastructure (Ogada et al, 2013).

## **1.2 History of The East African Community**

East African countries – Kenya, Tanzania and Uganda – have a long history of successive regional integration arrangements. Originally established in 1967 as a regional intergovernmental organization, the EAC collapsed in 1977 due to lack of political goodwill and suspicion among member countries, but was again revived in 1999. The treaty establishing the EAC was signed on November 30, 1999 and entered into force in July 2000 after its approval by the original three partner states.

Burundi and Rwanda assented to the treaty in June 2007. Considered one of the most integrated trading blocs in the world, the EAC covers 1.82 million square kilometres and has a population of 143.5 million, GDP of US\$110.3 billion and GDP per capita of US\$769 (EAC, 2014a). Headquarters of the EAC are in Arusha, Tanzania.

The Common Market protocol, which became effective in 2010, allows free movement of goods, capital and labour within the EAC. Partner states are required to review domestic rules and regulations to ensure compliance with the protocol within the region. This involves the removal of restrictions on the free movement of factors of production among others.

**Figure 1.2: Key Dates in The Formation of The EAC**

<b>November 30, 2013</b>	Protocol for the Establishment of the EAC Monetary Union signed.
<b>July 1, 2010</b>	The EAC Common Market became operational.
<b>January 1, 2010</b>	The EAC Customs Union became fully operational when tariffs on Kenyan exports were eliminated.
<b>November 20, 2009</b>	Protocol on establishment of EAC Common Market signed.
<b>July 1, 2007</b>	Rwanda and Burundi become full members of the EAC.
<b>January 1, 2005</b>	The EAC Customs Union entered into effect.
<b>March 2, 2004</b>	Protocol for establishment of EAC Customs Union is signed.
<b>July 7, 2000</b>	Treaty for the establishment of the East African Community enters into force.
<b>November 30, 1999</b>	Treaty for the establishment of the East African Community signed.
<b>March 14, 1996</b>	Secretariat of the Permanent Tripartite Commission launched, full co-operation operations begin.
<b>November 30, 1993</b>	Signing of agreement for the establishment of the Permanent Tripartite Commission for East African Co-operation.
<b>1977</b>	EAC dissolved.
<b>1967</b>	EAC first established.

Source: EAC. 2014b. [http://www.eac.int/index.php?option=com\\_content&id=44&Itemid=54&limitstart=1](http://www.eac.int/index.php?option=com_content&id=44&Itemid=54&limitstart=1)

The EAC Customs Union was established in 2005 to promote intra-regional trade in agricultural produce. Tariffs on intra-regional trade have been reduced to zero since 2005. Regional products are protected from external competition through a Common External Tariff (CET) that ranges from between 25 per cent and 75 per cent. This is designed to encourage increased investments in the agricultural sector in EAC targeting the intra-regional market. Nevertheless, the trading bloc's response to the policy incentive has been dismal due to other factors other than tariffs. Some of these include cumbersome customs procedures that inhibit, rather than promote intra-regional trade (Kagira, 2011).

### **1.3 Research Problem**

Formal cross border traders have to comply with customs procedures when seeking clearance for goods or services across national borders through gazetted trading routes. Some of the procedures they are expected to comply with consist of documentary requirements such as certificates of origin, insurance permits, certificates of compliance with product standards and transporter declaration. Due to the cost and complexity of complying with such customs procedures, some traders or transporters often resort to informal routes as an easy way out. Burdensome trade procedures for instance result in lengthy delays at the border crossing point. Such delays often lead to higher costs of engaging in cross border trade.

The customs procedures are also said to affect the volume of maize trade that goes through official trade routes. Previous studies have shown that formal trade linkages in the EAC are constrained by numerous factors that have led to proliferation of informal or unrecorded trade. According to customs officials at the Namanga border post (2015), cases of informal trade usually occur through ungazetted routes along the borderline between Kenya and Tanzania. This is despite the existence of trade promotion treaties and market reforms meant to ease restrictions on commodity movement. Bureaucratic import and export processes still largely constrain the enhancement of formal cross border trade within the EAC.

Limited knowledge on the magnitude of cross border trade often results in under approximation of figures in the national accounts. This in turn hinders development of appropriate policies or strategies that could lead to the pursuit of the full potential of cross border trade and its impact on food security. A detailed understanding of the impact of customs procedures on cross border traders therefore remains unclear despite the importance of maize trade in improving the welfare of key actors across East Africa. While many initiatives for improving cross border trade have been implemented over the past decade, it is still unclear how customs procedures affect cross border maize trade. It is not known whether or not traders understand the procedures of cross border trade in the same way and the extent to which the procedures affect the volume of trade or choice of route.

The researcher is also oblivious of the extent to which the traders are casually or informally subjected to customs procedures (i.e. which they, because of one thing or the other, do not go through). The extent to which customs procedures compel traders to opt for informal routes as opposed to formal trade channels is also not known. Finally, the knowledge about how traders are subjected to similar levels of treatment as far as complying with customs procedures is unknown. This research attempts to fill this knowledge gap.

#### **1.4 Research Objectives**

The overall objective of this study was to find out how customs procedures at Namanga border post constrain formal cross border maize trade. The specific research objectives were:

1. To find out the actual procedures that cross border maize traders go through when dealing in maize trade.
2. To establish traders' understanding of procedures for cross border maize trade.
3. To establish the procedures traders consider easy and those they find difficult to comply with.
4. To find out how cross border maize traders cope with the difficult customs procedures.

#### **1.5 Research Questions**

The overall question this study sought to answer was in what way do customs procedures at Namanga border inhibit formal cross border trade in maize? The specific questions were:

1. Which procedures do cross border maize traders actually go through when engaging in maize trade across the Namanga border?
2. What is the trader's understanding of procedures for cross border maize trade?
3. Which procedures do the traders consider easy to comply with and which ones are difficult?
4. How do cross border maize traders cope with the difficult procedures?

#### **1.6 Justification of The Study**

This study sought to fill the existing gap on the perceptions of traders who use formal or official routes in maize trade and how customs procedures affect their participation in cross

border trade. There is also no consensus regarding implications of the different customs procedures on cross border maize trade. The researcher focused on maize trade to evaluate how customs procedures are perceived by different maize traders and transporters and how they affect cross border trade in the commodity. A study on the procedures in cross border maize trade would be an addition to the existing body of knowledge on trade in East Africa.

A lot of literature on cross border trade in the EAC is inclined more on the persistence of informal trade. This was corroborated by officials of the Kenya Revenue Authority (KRA). Some of these studies include *Informal Cross-Border Trade in EAC: Implications for Regional Integration and Development* by Ogalo (2010), African Development Bank's *Informal Cross Border Trade in Africa: Implications and Policy Recommendations* (Afrika and Ajumbo, 2012), *Unrecorded Cross-Border Trade Between Kenya and Uganda: Implications for Food Security* by Ackello-Ogutu (1997) as well as OECD's *Informal Cross-Border Trade And Trade Facilitation Reform In Sub-Saharan Africa* (Lesser and Moisé-Leeman, 2009). According to USAID (2010), trade observers in the EAC and COMESA trading blocs believe the volume of trade captured through official/gazetted trading routes in this region is probably around 5 per cent or 10 per cent of the trade that actually takes place. The reason given is that a lot of the trade activities occur informally through porous borders.

The research seeks to fill this void by making an addition to the existing literature on formal cross border maize trade. Further, an understanding of the effect of customs procedures on cross border maize trade will be important in informing future policies on the specific interventions that are required to make trading across borders much easier. Finally, despite enormous interest in cross-border trade, knowledge gap in terms of its magnitude, determining factors and implications not only lead to under-estimation of figures in the national accounts but also obstruct development of proper policies and strategies to exploit its potential in safeguarding food security. Statistics would be much better if the dynamics of formal trade were properly understood and documented.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Theoretical Literature Review

A number of theories on trade are centred on the institutional theory developed by North (1991). Institutions just like customs establishments at border crossing points were created to bring about order in cross border trade and lessen uncertainty in exchange (North, 1991). These institutions determine transaction and production costs and profitability of engaging in an economic activity. They consist of formal rules, informal constraints (norms of behaviour, conventions and self-imposed codes of conduct) and the enforcement characteristics of both.

When there are significant transaction costs in a competitive market, institutions will be designed in such a way that they induce the actors to acquire essential information that will lead them to correct the costly models. As countries or human beings increasingly become dependent on each other, more complex institutional structures are necessary to capture the potential gains from trade. Such developments require the society to develop institutions that permit anonymous, impersonal exchanges across time and space. As societies experience gains from such cooperation, they move to create the necessary institutions to capture the gains from trade.

North (1991) further notes that as trade expands beyond a single village, possibilities of conflict over transactions are anticipated. For instance, the growth of long distance trade poses two distinct transaction cost complications. One is the dilemma of agency, which was historically met by use of acquaintances in long-distance trade. When traders do not have complete information on the market or regulations such as customs procedures, they are unable to fully exploit the opportunities available in cross border trade. However, relevant and timely information enable the traders to fully exploit the benefits of trade. This is where entities such as clearing agents come in. According to Popovic et al (2012), at times, agents have personal interests that may not necessarily be the same as those of traders or key clients. For the agents to work in the interest of the traders, they get paid a fee to carry out the customs clearing process on behalf of their clients. Equally, governments have in place

regulations guiding the work of agents. One of the guiding principles is that the agents must have a license in order to operate. This leads to a win-win situation, where the clearing agents work in the interest of the traders. In return, they get paid for their role in cross border trade.

A second problem consists of contract negotiation and enforcement in unfamiliar territories where reaching agreements and enforcing contracts were cumbersome processes. By lowering information costs and providing incentives for contract fulfilment, institutions made transacting and engaging in long-distance trade possible.

For the purpose of the current research, such institutions are the customs establishments, whose main task is to facilitate cross border movement of goods, services and people. Customs institutions at border crossing points are meant to make it easy for undertakings such as cross border trade to take place due to the benefits of such activities in supporting economic growth. In this way, they not only contribute to higher intra-regional trade but also to economic growth as a result of improved efficiency and profitability of traders' engagement in cross border trade.

Hirsch and Lounsbury (1996) indicate that economic exchange can be more efficient, thereby leading to growth should transaction costs involved in cross border trade decline. This view may shed light on the establishment of agreements such as the General Agreement on Tariffs and Trade (GATT) or the North American Free Trade Agreement (NAFTA). Negotiations leading to the creation of NAFTA were completed in 1992. Launched in 1994, the agreement created a North American free trade area that consisted of Mexico, the United States and Canada. Likewise, GATT, which was established in 1947, offered a platform for free trade and open markets in international trade. GATT was later succeeded by the World Trade Organization (WTO) in January 1995 with the objective of removing barriers and simplifying international trade (Biagotti, 2002). These agreements facilitated the enforcement of cross border rules and procedures to aid economic and social exchange as well as reduce transaction costs between member countries on a global scale.

According to Bruton et al (2010), the institutional theory is primarily concerned with how different groups and organisations can better secure their positions and legitimacy by complying with rules and norms within an organised and formal environment. It is concerned with regulatory, social and cultural influences that support survival and legitimacy of an organisation or business. They guide behaviour using rules of the game as well as by monitoring and enforcement mechanisms. For new organisations, the institutional environment outlines and limits business opportunities. This affects the growth of new businesses.

While inadequate institutional development can make it hard for new businesses to flourish, more developed institutional environment with highly obstructive regulation can equally impede the growth of firms. Governments, therefore, have the responsibility of ensuring that markets function efficiently by eliminating conditions that create barriers to entry and market imperfections by lifting unreasonably stifling regulation.

Broadman et al (2004) observe that growth in emerging markets of Eastern Europe was hindered by absence of effective market-based institutions that would ensure fair competition and protect property rights. Discouraged by the ineffective legal enforcement of contracts and property rights, private business people opted for informal norms as safe havens. They also aggressively sought to create alternative governance structures and contractual arrangements to guide transactions. This means that in the absence of effective and properly functioning formal institutional structures, informal ties and interpersonal governance emerge to fill institutional gaps. These informal institutions can however be costly to firms as they may deter establishment of new businesses.

The institutional theory does not fully explain how customs procedures that cross border traders have to comply with inhibit dealings in this kind of trade. Further, it does not elucidate how institutions, inefficient or not, oblige traders to explore alternative channels aimed at bringing down the cost of participating in cross border trade. According to Hoskisson et al (2000), institutional theory is specifically appropriate in explaining firm behaviour as markets develop. Institutional theory has also been used in examining the role

of business group connections or networks on the survival of foreign subsidiaries, how institutional changes influence firms' internationalisation process and relationships between institutional environments and foreign subsidiary ownership arrangement.

More specifically, the heterogeneous trade firm theory examines the efficiency, or lack of it, that arises from aspects such as customs procedures in cross border trade. The heterogeneous trade firm theory provides a more direct link between cross-border trade procedures and firms' participation in the export market and volume of exports. According to Melitz (2003), this theory states that firms differ in their level of production. The firms also face both fixed and variable costs in entering the export market. The firms that are more productive find it more profitable to export. They therefore engage in the export market. For instance, a decrease in the variable cost (which varies with the level of output or production) affects both volumes and diversification of trade by making existing exporters to export more and leads to entry of more business entities in the export market. This is due to a decline in the minimum level of productivity required by firms or traders to enter the export market (Melitz, 2003).

According to Lesser and Moisé-Leeman (2009), trade facilitation programmes that are successfully implemented are likely to minimise costs, raise productivity and increase transparency in cross border trade. The reduced costs can be divided into direct and indirect expenses of trade. Generally, direct costs are associated with documentation, border fees, transport and storage. Indirect expenses on the other hand are linked with depreciation costs due to time delays at border crossing points and uncertainty about procedures such as customs clearance of commodities (Lesser and Moisé-Leeman, 2009).

Persson (2010) argues that recent theoretical contributions have emphasised that costs related to cross-border trade affect both the volume and range of goods traded. The focus of this research is on how cross border trade procedures affect the different traders participating in trade and the volume of maize traded.

The research seeks to understand traders' understanding of customs procedures, which ones they find difficult to comply with and suggestions on how they can be addressed in order to

increase efficiency in cross border trade. With reference to the heterogeneous firm trade theory, do the trade facilitation procedures increase the traded volume of goods or are they a hindrance to growth of cross border trade?

## **2.2 Empirical Literature Review**

According to Vinaye et al (2011), intra-African trade remains very low despite its huge potential to accelerate development within regional trading blocs and at the continental level. The low level of intra-Africa trade is attributed to among other things, complicated customs procedures, high trade costs, lack of product diversification and low trade complementarity among African countries. Complex customs procedures particularly impede intra-regional and international trade.

In the EAC, formal trade relies on two major road and rail routes. These are the Northern Transport Corridor, which begins from the port of Mombasa and the Central Corridor that commences from the port of Dar es Salaam. These corridors go all the way to the border of the Democratic Republic of Congo (DRC) with a link through Namanga on the Kenya-Tanzania boundary as well as the Busia and Malaba on the Kenya-Uganda border. The transport corridors are the lifeline of EAC's regional and international trade.

The pursuit of a more conducive cross border trade environment has increased in recent years (Okumu et al, 2010). This is despite the many challenges facing cross border traders. A number of these challenges include tedious customs documentation, administrative and transit procedures, sanitary and phytosanitary measures and police roadblocks. These usually make cross border trade complex and costly (Okumu et al, 2010).

The study by Karugia et al (2009) on the impact of NTBs on cross-border maize and beef in Kenya, Uganda and Tanzania found that trade administrative measures across the three East African countries are often identical but with variations in cost and prominence. The study noted that regional traders had to part with cess and excise duties as well as council permit, transport and trading fees. The traders also bore costs linked with burdensome documentations, roadblocks, delays at weighbridges and at toll stations.

The World Bank (2014) observes that complicated border procedures and bureaucratic bottlenecks impede economic growth considerably by reducing access to international markets. Disproportionate delays in exporting and importing activities also lower the volume of trade. The costlier and more time-consuming it is to export or import, the more difficult it is for local firms to reach international markets.

Inefficient customs procedures, inadequate infrastructure and unreliable logistics services add up to the time it takes to trade, thereby pushing up costs such as storage and inspection charges. In some African countries, revenue losses accruing from inefficient border procedures are estimated to exceed 5 per cent of their GDP. In Sub-Saharan Africa, reducing inland travel time by one day has the potential to raise export volumes by 7 per cent (World Bank, 2014).

A prominent feature of trade facilitation reforms recorded by the World Bank's *Doing Business 2014* indicators from 2009 to 2013 was the introduction or improvement of electronic data submission and processing. However, in the 2012/2013 period, the most common feature was the improvement of customs administration process. Sub-Saharan Africa made the biggest reductions in the time to trade across borders from 2009 to 2013. Europe and Central Asia made the biggest reductions in the number of documents required to export and import. High income economies (Organisation for Economic Co-operation and Development member countries) made the biggest reductions in export and import costs by simplifying their customs procedures<sup>2</sup>. Moise and Sorescu (2013) further point out that the policy areas that seem to have the greatest impact on trade costs and volumes are the accessibility of trade-related information, simplification and harmonisation of documents, streamlining of customs procedures and use of automated processes.

A study on bribery as an NTB conducted by Transparency International (2012) indicated that the duty of customs officials is to check whether goods have been correctly declared in the import or export declaration documents. If wrong declaration is identified, it becomes an

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<sup>2</sup> Traders can submit all trade documents electronically in more than half of OECD high-income economies with no need to provide hard copies. In Sub-Saharan Africa and Eastern Europe and Central Asia, by contrast, most economies that have electronic systems still require traders to submit hard copies.

avenue for them to solicit for bribes in order to issue clearance. Similarly, among the roles of police officers is to check whether drivers have correct transport documents in relation to goods being ferried. If such documents are missing, the chances of bribery are high. Such incidents put the integrity of the concerned customs officers and police to question.

A study done by EASSI (2011) found that cross border traders sometimes violated customs rules due to ignorance about customs procedures, the need to evade taxes and high cost of hiring a clearing agent. Customs officials sampled by EASSI (2011) reported that some traders used truck drivers to clear goods on their behalf. In some cases, customs clearing agents and truck drivers concealed information from traders because they want to remain in business as middlemen. The middlemen also make more money when traders are ignorant of customs procedures. Nonetheless, if some traders are able to get necessary information, they often clear their goods by themselves. Customs officials further reported occasionally providing education to traders to reduce violation of cross border trade regulations such as using informal routes to circumvent customs procedures (EASSI, 2011).

Similarly, traders and transporters are reported to bribing customs officials often to fast-track the clearance process (Karugia et al, 2009). They also habitually incurred additional financial costs mostly in form of bribery to overcome customs clearance delays. This situation is typically blamed on few staff at customs offices, failure by the officials to clarify rules and regulations of trade and preferential treatment by some border post officers. Additional costs in customs clearance are estimated to be US\$314 in Kenya, US\$40 in Tanzania and US\$130 in Uganda. Cumbersome customs clearance procedures at border crossing points are considered as the most daunting NTBs in the EAC region. Immigration and work policies, trade licensing, weighbridges and export certification are cited as major roadblocks to promoting regional trade (Karugia et al, 2009).

The Transparency International (2012) study further found that the worst customs stations in terms of the time spent to clear goods were reported at the Kenya and Tanzania borders of Namanga, Taveta, Holili, Lunga Lunga and Loitoktok. At these stations, truck drivers spend an average of 68 hours seeking customs clearance. This opens up the opportunity for traders

or drivers to offer bribes to speed up the clearance process. The least time for customs clearance was reported at the Tanzania-Burundi border. These stations, where trucks spend an average of 48 minutes are Kobero border on Burundi side and Kabanga on the Tanzania side. Burundi drivers reported the least time spent on customs clearance within their national borders. There are huge time disparities for customs clearance between EAC border stations. Kenya-Tanzania border reported 68 hours, Uganda-Kenya reported 14.8 hours, Tanzania-Burundi reported 0.8 hours (48 minutes) and Rwanda-Tanzania reported 72 hours.

Furthermore, unexpected, unilateral suspension of trade in food commodities by countries in the EAC is a major obstacle to the maximisation of the benefits of cross-border trade (Nile Basin Initiative, 2008). Export bans on commodities such as maize often harm importing countries and create inefficiencies in the exporting nations within a common market such as EAC. A case in point is when Rwanda and Tanzania enforced export bans on basic foodstuffs such as maize, beans and rice to other member states in 2008. This caused artificial shortage in other member states, which turned to other countries outside the EAC region to import the commodities at higher costs. Such embargos appeared to contradict the spirit of a regional common market in the EAC (Kamau and Omiti, 2012).

Wilson and Lewis (2015) indicate that Tanzania has the biggest potential to not only feed herself but also other East African countries. The development of maize export potential by Tanzania is nevertheless fraught with periodic export bans with the country keen to address food security concerns. This is despite strong evidence suggesting that export bans are not very effective in guaranteeing food security, preventing exports or controlling food prices.

However, when clear, consistent, supportive policies, regulations and practices are in place to support increased maize exports, business people would be willing to explore opportunities in the export market, invest in better storage, transport and handling facilities. In the long run, these initiatives would help improve the quality and increase the quantity of maize production (Wilson and Lewis 2015).

### **2.3 Theoretical Framework**

The theoretical setting for linking cross border trade procedures through official channels at border crossing points can be explained by heterogeneous firm trade theory. Traders keen on keeping their costs low by circumventing the existing cross border trade procedures on maize opt to use the unofficial trade channels, which are usually referred to as '*panya routes*'. Due to the existence of fixed and variable costs in exporting, only more productive firms or traders will find it profitable to export. Trade facilitation, therefore, is all about making it easier for traders to move goods across borders by making cumbersome cross border trade procedures more efficient and less costly.

The Doha Ministerial Declaration (WTO, 2001) refers to trade facilitation as “expediting the movement, release and clearance of goods, including goods in transit”. Inefficient trade procedures comprise sunk, fixed and variable costs to traders. Prior to entering any export market, a potential trader must first acquire knowledge on the required trade procedures. The more complex such procedures are, the higher the cost the trader incurs. While a trader only has to meet this cost once (unless the procedures change), this may be seen as a one-off sunk cost of entering the export market. However, each time commodities are to be transported or sent across the border, all applicable procedures have to be observed. The firm or trader has to take the time and effort to fill out all relevant forms and collect the required stamps or permits. The enormity of such compliance costs is usually not dependent on the volume of the shipment. Such costs may be characterised as fixed but they will have to be paid each time goods are transported and cleared through customs offices.

Apart from sunk and fixed costs, there are also variable costs, which depend on the size of the consignment. Time delays lead to costs in different ways. Depending on the type of commodity, there may be depreciation costs, either in terms of physical devaluation or because the products' market value is quickly eroded (Swedish National Board of Trade, 2008). Long delays also cause uncalled-for storage costs as they are associated with uncertainty on delivery times. Just like transport costs, such delays may leave traders unable to exploit business opportunities in the export market.

Trade facilitation can therefore include reforms such as reducing the number of official documents, signatures, stamps and certificates required for imports or exports. Simplifying necessary documentation, increasing the potential for electronic data submission and publishing all applicable regulations about trade procedures can aid in increasing efficiency in cross border trade (Swedish National Board of Trade, 2008). This study looked at how such customs procedures affect cross border maize traders' participation in formal trade and the volume of the maize trade. The procedures are the independent variable. The volume of cross border trade is the dependent variable. The procedures affect traders' choice of the route and volume of maize.

#### **2.4 Conceptual Framework**

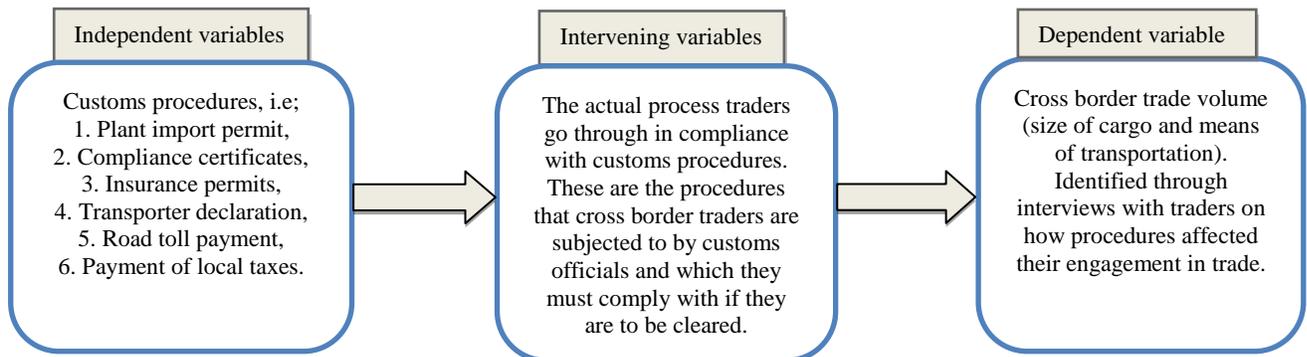
Cross border traders find it demanding to conform to customs procedures to have their goods or services cleared at border crossing points. Cumbersome procedures often lead to long delays at the border crossing points. This in turn imposes higher costs on the import and export business. The customs procedures also affect the volume of maize that is cleared through formal trade routes. Some traders or transporters are known to use the informal trade routes as a way of circumventing the intricate clearance processes at customs offices.

This section provides a graphical relationship between customs procedures, which is the independent variable and volume of cross border trade as the dependent variable as shown in Figure 2.1. Typically, customs procedures affect the volume of trade through the intervening variables (the actual procedures traders must comply with) in a number of ways. Some of these include clearance time, volume of maize trade and choice of trade route (formal versus informal). As an independent variable, customs procedures is operationalised by identifying documentary requirements such as certificates of origin, insurance permits, certificates of compliance with product standards and transporter declaration in evaluating their effects on cross border maize trade. Traders' perceptions on the impact of such customs procedures on their trading activities were captured by way of assessing the way in which such procedures affected their participation in cross border trade (see Figure 2.3).

The dependent variable was operationalised by identifying aspects such as choice of route by traders, volume of maize trade and time taken to clear goods at the border posts. Tracking the volume of trade entailed finding out how much maize traders moved across the border in a given period (i.e. week, month or quarterly) and about how much of that moved through formal or informal routes. Customs procedures are for instance said to have varying effects on traders' or transporters' choice of routes (formal or informal) and the time that border officials take to clear cargo.

The procedures also affect the volume of maize that is dispatched across borders more so if the traders or transporters opt to use informal routes to avoid complying with customs procedures. The argument is that burdensome customs procedures lead to delays in cross border goods clearance and this hurts traders' profit margins.

**Figure 2.1: Link Between Independent and Dependent Variable**



*Source: Author's conceptualisation.*

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1 Research Design**

This research took a qualitative approach to gain insight on how customs procedures affect cross border maize trade. The researcher made a purposive selection of traders he interviewed at the Namanga border and its environs. The traders were interviewed on the basis of their role in cross border trade and their understanding or lack of it of cross border trade procedures and how these affected their participation in cross border trade. Due to their involvement in cross border trade, the traders are directly affected by customs procedures if they follow the formal trading routes.

The researcher sought to understand the perceptions of the traders on the customs procedures, assess their understanding of customs clearing processes and whether these affected their choice of route or the volume of maize they traded in. The interview guide for the traders is provided for in Appendix B. The research also entailed conducting interviews with key informants such as transporters, customs clearing agents, officials of Kenya Bureau of Standards (KEBS), Kenya Plant Health Inspectorate Service (KEPHIS) and Port Health. The key informants provided supplementary information the researcher required to fill the knowledge gaps not addressed by the traders.

The fieldwork was conducted in two phases. The first phase, which lasted for five days involved interviews with traders, transporters and clearing agents. The second phase involved interviews with customs officials, KEBS, KEPHIS and Port Health officers as well as with traders, transporters and clearing agents and it lasted for four days. This brought the number of days within which the fieldwork was conducted to nine.

The qualitative approach was useful in obtaining in-depth data during the interviews. This is unlike a quantitative approach that relies merely on statistics and replication to substantiate generalisation from experiments and survey samples. The qualitative approach provided the

researcher with an opportunity to be part of the study environment and accorded him ample interaction with the respondents.

The researcher also made observations of activities at the study site such as the movement of people and goods across the border and the nature of informality of trade (characterised by some transporters carrying sacks of maize on their backs across the border and loading them onto waiting vans). He also made observations on various sizes of cargo as well as the types of trucks transporting maize through formal trade channels. The researcher also observed the on-going construction of the One-Stop-Border post at the Namanga border in Kenya.

### **3.2 Study Site**

The research was carried out at the Namanga border, which is an important transport and trade conduit linking Kenya and Tanzania. The border is located on the southern part of Kenya (approximately 180 kilometres from Nairobi) and links Kenya with Tanzania. One of the most important commodities traded between the two countries is maize grain. According to the Export Promotion Council (2015), the value of Kenya's imports from Tanzania stood at Ksh15.58 billion in 2011 up from Ksh10.55 billion in 2010. Some of the major imports from Tanzania in the period included maize, textile, rice, animal products, paper, paperboard and electric transformers among others.

### **3.3 Unit of Analysis and Sampling**

Cross border maize traders were the unit of analysis in this research owing to their direct involvement in trade. These traders have to comply with numerous customs procedures in their import and export activities across the Kenya-Tanzania border at Namanga. They are directly affected by customs procedures, which they have to comply with if they are to be allowed to participate in cross border trade in maize at any given time.

The researcher sought to find from the traders the specific procedures they complied with, which ones they identified as difficult and how they circumvented them. The researcher sought the traders' views on what they thought should be an alternative to some of the

procedures they felt were difficult to comply with and in what ways cross border maize trade could be improved.

The researcher had to formally request for permission from the Kenya Revenue Authority in Nairobi to be allowed to proceed with interviewing the customs officers at the Namanga border post. The need to interview the customs officials at the Namanga border post was very important given the critical role these officials play in ensuring trade procedures are followed or adhered to before the goods are cleared. Although permission was granted, the customs officials at the Namanga border post were somewhat reluctant to offer interviews on their experiences in cross border maize trade with some citing their busy schedules.

After much prodding, the researcher was able to interview four customs officials. Equally, the researcher interviewed transporters, clearing agents as well as officials of KEPHIS, KEBS and Port Health, who provided useful additional information on the process of cross border maize trade.

The researcher used purposive sampling technique in selecting the traders, transporters, clearing agents and the officials of KEPHIS and KEBS that he interviewed. The snowballing technique was used in sampling the customs officials with the assistance of one customs officer. A customs officer was assigned to assist the researcher to identify the officials to interview but most of them proved quite uncooperative, including the one assigned to assist.

The purposive sampling technique was used on traders, transporters, officials of KEPHIS and KEBS proved to be very useful as they were receptive and willing to be interviewed. Initially, the researcher had planned to interview 10 traders, 10 transporters and five customs officials. The target for the traders and transporters was achieved. Four customs officials were interviewed. The researcher also interviewed other key informants, namely, five clearing agents, one KEPHIS official, one KEBS officer and one Port Health official. This brought the total number of respondents to 32 and exceeded the original target of 25 that were to be interviewed.

### **3.4 Data Sources and Collection Methods**

The study used qualitative tools of data collection in studying the procedures for cross border maize trade and how they affect traders' involvement in trans-border trade. Cross border maize traders, transporters, customs officials and officers of KEBS, KEPHIS and Port Health at the Namanga border served provided information for this research. The researcher made contact with traders and transporters at Namanga border using the purposive sampling technique and sought interviews with them on the spot. Besides spotting traders whose trucks were loaded with maize, the researcher also asked around for maize traders who would be willing to be interviewed. The researcher identified and approached maize traders at the Namanga waiting yard on the Kenyan side of the border when the customs clearing process was on-going or the cargo was being verified by customs officials. Generally, the maize traders who were still awaiting the clearance process or cargo verification were approached and were willing to share their views.

This approach worked very well as the traders, transporters, clearing agents and officials of KEPHIS, KEBS and Port Health Office were receptive and willing to share their experiences. The researcher identified the traders, transporters and clearing agents to interview at the customs waiting yard and at the customs offices. Interviews with officials of KEPHIS, KEBS and Port Health were conducted at their respective offices in Namanga. No prior appointments were made with these officials.

The Namanga customs office required that the researcher seeks permission from the Kenya Revenue Authority's Human Resource Department in Nairobi before he could be allowed to go ahead with interviewing the officials. However, even with permission granted from KRA's Human Resource Department, the customs officials in Namanga appeared quite unwilling to offer much help but only did so with much prompting.

The traders the researcher interviewed constituted importers, wholesalers and retailers from Kenya and Tanzania, whom he found at the Namanga border waiting yard in Kenya and in town. These were not as visible as transporters who use the border crossing point and the researcher had to do a lot of inquiring to identify them. Transporters on the other hand were a

relatively conspicuous group at the border. Some traders also doubled up as transporters and owned trucks to facilitate movement of their cargo. The researcher identified the customs officials at their offices adjacent to the border crossing point in Namanga. These are government agents whose work is to enforce cross border trading rules for movement of goods and services beyond national boundaries and their input was relevant in understanding their experience in clearing maize traders at the border.

In the case of informal traders, the researcher went out to look for them in Namanga town and at informal border crossing points. Some residents were useful in providing leads to where the informal maize traders could be found. Agents are found at the border and were interviewed on the basis of their experience with maize clearance. Some traders also provided contacts of specific agents whose services they used and they felt the researcher should interview. The following methods and tools were used in data collection:

### **3.4.1 Interview Guides**

Structured and semi-structured interviews were used to gather information from the field. Structured interviews followed a set of questions the researcher had developed and were subjected to traders, transporters and customs officials. Semi-structured interviews were administered to clearing agents and officials of KEBS, KEPHIS and Port Health. Structured interviews helped the researcher to remain focused on the specific issues regarding customs procedures throughout the interview process. The semi-structured interviews helped in the exploration of as many scenarios relevant to customs procedures and offered room for new ideas or suggestions to come up in the course of interviews.

The structured and semi-structured interviews helped in collecting as much information as possible from the respondents and provided a sense of direction on exactly what the researcher wanted to establish regarding the customs procedures. This is despite the uncertainty regarding the type of information the respondents would provide before the interview process started. Different sets of interview guides were developed for the diverse groups of interviewees in respect of their mandates.

The use of the interviews was useful in allowing the researcher to seek clarification or elaboration on certain issues such as procedures for cross border maize trade. Eleven maize traders, 10 transporters and four customs officials were interviewed guided by the interview guides in Appendices B, C and D respectively. Five clearing agents as well as Port Health, KEPHIS and KEBS officers provided additional information through unstructured interviews. KEPHIS, KEBS and Port Health officials were asked about their role in cross border maize trade and the procedures traders must observe before being cleared at the border to import maize into Kenya.

The interviews with traders established how customs procedures affected them with regards to time spent meeting the requirements and the costs they incurred. Further, the number of documents required for clearance of maize being imported into Kenya and the treatment the traders were subjected to as far as customs procedures were concerned were also identified. The issue of how the traders circumvented the difficult procedures was also tackled. Interviews with customs officials established how cross border maize trade procedures affected trade in the commodity, which procedures they felt were cumbersome, how they overcame them and what could be done to improve cross border maize trade. The flow of maize trade between Kenya and Tanzania, the existence of informal or ungazetted routes along the border were also established. From transporters, issues of delays at border crossing points and whether they used other alternative means to circumvent the procedures were raised.

**Table 3.1: Summary of Respondents’ Codes Used in The Study**

Traders	T (for instance T1, T2, T3, T4, T5, T6, T7, T8, T9, T10 and T11)
Transporters	TR (for instance TR1, TR2, TR3, TR4, TR5, TR6, TR7, TR8, TR9 and TR10)
Customs officials	C (for instance C1, C2, C3 and C4)
Clearing agents	CA (for instance CA1, CA2, CA3, CA4, CA5 and CA6)
Kenya Plant Health Inspectorate Service	KEPHIS
Kenya Bureau of Standards	KEBS
Port Health	Port Health

*Source: Fieldwork, 2015.*

### **3.4.2 Observation**

This was used to collect qualitative data especially on the border scene, movement and the sight of trucks and traders or transporters at the Namanga border. Observations were made on the movement of traders and transporters using the informal routes as well as other traders in their places of work, for instance, in a retail shop or at a maize milling outlet. The observation process also entailed listening to conversations of traders, transporters or customs officials going about their activities. This process provided detailed description of the setting and activities at the border post.

Information obtained from observation was recorded immediately and on occasions when it occurred to the researcher that he had made a good observation a while ago that was worth recording. An observationnaire (see Appendix E) was used for the purpose of recording the observations made at the border and its environs for instance, the border setting, the on-going construction of the One Stop Border Post, informal trade routes, the trucks carrying goods across the border and the respondents at work. Immediate recording was made in such a way that it could not arouse suspicion of the traders, transporters or customs officials. The researcher developed an observation guide, which can be found in Appendix E.

### **3.4.3 Secondary Information**

This was obtained from records provided by maize traders and transporters and by the KEPHIS office at the Namanga border. The records and documents contained information on the specific procedures that traders followed or adhered to in their cross border maize trade activities. A handwritten record for the period between June, July and August 2015 issued by a customs officer indicated the number of trucks loaded with maize that had been cleared at the border on their way to Kenya. The information provided showed a steady decline of the number of trucks carrying maize cleared by Kenyan customs officials between and August 2015. In June, the number of trucks carrying maize that were cleared at the Namanga border stood at 944. In July, the number of trucks cleared stood at 808. In August 2015, a total of 328 trucks were cleared.

The records and documents provided by cross border traders, transporters and by KEPHIS were useful in complementing information gathered through interviews and observation. The secondary information highlighted the specific procedures for cross border maize trade, direction of trade, volume of maize by particular importers, number of trucks transporting maize to Kenya in three months (June, July and August 2015) as well as information on different charges that the traders paid.

### **3.5 Data Analysis and Presentation**

According to Blaikie (2000), qualitative methods of data analysis can be used for descriptions at various levels of abstraction in words rather than numbers. The data collected was summarised in different ways, namely, individual transcripts of respondents and key informants and thematically in Microsoft Word. Data from observation was also summarised in thematic form while that from information provided by traders was listed in tables. The researcher cross-checked the interview responses to ensure they were complete.

### **3.6 Ethical Issues**

The researcher carried with him a letter of identification from the University of Nairobi's Institute for Development Studies for validation purposes. He also acquired a research permit from the National Commission for Science, Technology and Innovation (NACOSTI) as well as a letter from KRA's Human Resource Department in Nairobi authorising him to interview customs officials at the Namanga border. The researcher assured the respondents and key informants of confidentiality in the treatment of the information given and emphasised that it would be used for academic purposes only. Data gathering instruments such as interview guides and the observationnaire were developed in a manner that ensured they would neither lead to the interference with the privacy of the interviewees nor intimidate them in the course of data gathering.

At every stage of the interview process, the researcher introduced himself to the respondents and key informants and explained the significance of the research in seeking permission to go ahead to conduct interviews. Respondents were not forced or paid for the information they provided. Interviews were made on the basis of voluntary participation.

### **3.7 Challenges Faced and Way Out**

Some traders expressed concern of delays in hesitating to avail themselves for interviews. They were however assured the interviews would take a short time, say about 20 minutes and that the questions touched on issues that they understood or confronted in their cross border maize trade activities. Equally, in dealing with traders who only had very limited time, the most important questions regarding their understanding of and experience with procedures for cross border maize trade were asked first. Traders whose trucks were still parked at the Namanga border yard awaiting customs clearance were given priority over those who had already been cleared and were getting started with the journey. The interviews were also recorded using an audio/voice recorder. This helped in efficient use of time that could have otherwise been exhausted on writing down everything that was being said.

Customs officials appeared reserved with the information with all of them providing scanty information in response to interview questions. Some of them declined to reveal the procedures they found cumbersome as they felt that could imply they were incompetent in their work. Apart from one customs officer, the rest asked to have printed copies of the interview guide, which they responded to in writing rather than having to be subjected through an interview process. The researcher also followed up with some of them to provide clarifications or to expound more on some responses given. The officials cited their busy schedules for their failure to agree to an interview process. While this was not sufficient in answering some of the key questions such as the volume of maize cleared during certain periods, it was adequate in supplementing the information the traders provided.

Customs officials declined to provide information on volume of maize they cleared at the border in a specific period (for instance between January and March 2015 in comparison to a similar period in 2014). They however, provided information on the number of trucks carrying maize they had cleared between June, July and August 2015. The information provided showed a steady decline of the number of trucks cleared between June and August 2015.

## CHAPTER FOUR

### FINDINGS AND DISCUSSIONS

#### 4.1 Introduction

This section contains a systematic presentation of the key findings of the study. Among the issues discussed include; the nature of cross border trade, characteristics of cross border maize traders, volume of maize traded, trade facilitation agents, understanding customs procedures as well as formality and informality of trade. Aspects such as features of the Namanga border and its environs, border opening schedules and delays as well as the one Stop Border Post (OSBP) will be highlighted.

#### 4.2 The Nature of Cross Border Trade through Namanga

Namanga is located in Kajiado County, one of Kenya's 47 counties. It is a dusty town with an urban population of about 10,643 people (Kenya, Republic of, 2015). The population is projected to reach 13,191 people in 2017. The town is home to an important trading route between Kenya and Tanzania. It is approximately 180km from Nairobi and about 120km from Arusha, a northern town of Tanzania.

On the Kenyan side of the Namanga border, clearance of goods and people begins at around 7 am and closes at 6 pm every day. On the Tanzanian side, clearance starts at 9 am and ends at 5 pm. Importers or transporters who arrive at the border before the stipulated opening hours have to wait until the official operating time approaches. Some transporters who prefer to travel at night indicated being inconvenienced in case they reached the border on the Tanzanian side after 5 pm as they have to wait until 9 am the following day to be cleared to cross over with their cargo to the Namanga customs office in Kenya. Some traders, like the one in the excerpt below emphasised the need for review of the operating time at Namanga customs office.

*"I think the Namanga border should operate for 24 hours just like the Busia and the Malaba borders so that traders and transporters can work around the clock. The challenge now is that when I arrive at the Namanga border on the Kenyan side at say 5 pm, I cannot cross over to the Tanzanian side as the border would already have been closed". (Respondent T1, July 14, 2015).*

There is a large waiting yard at the Namanga border crossing point in Kenya. All traders and transporters park their trucks at the yard as they wait for the clearance and verification process for their trucks and cargo to be completed. Construction of a One Stop Border Post (OSBP) is on-going at the border crossing area in Kenya. It is hoped that once the OSBP is complete, it would cut down on the amount of time traders spend to clear at the border. Clearance for both countries would also be done only once within a single border unit.

The importance of the OSBP in trade facilitation is well captured by Pearson (2011) who gives the example of the Chirundu border, which is situated on either side of the Zambezi River. Since its launch as an OSBP in December 2009, travellers or traders stop only once to complete border clearance process for both countries within one border facility. Waiting times for commercial traffic have declined from about four or five days to a few hours. Clearance time for passengers on say, 76-seater buses have been reduced from about six hours to less than two hours (Pearson, 2011).

#### **4.3 Characteristics of Cross Border Traders**

The traders that were interviewed were aged between 28 and 45 years of age as shown in Table 4.1. In comparison, the age bracket of clearing agents interviewed was between 20 and 28 years, while that of transporters was between 19 and 48 years.

Five of the traders that were interviewed said they were diploma holders with one being a degree holder. Four are secondary school leavers while one is a primary school leaver (Table 4.1). Of the eleven traders, only two were females one of who is involved in informal cross border trade. This could be an indication that men are more represented in formal cross border trade compared to the women. The cross border trading experience ranged from six months to twelve years. Five of the traders said they dealt in maize trade only while the rest dealt in maize and other commodities such as green grams, beans and rice (Table 4.1).

The traders also comprised a mix of small and large traders going by the volume of maize they dealt in at any given time. Of the two women traders, one is involved in formal cross

border trade and sells the maize bought in Tanzania to a miller in Nairobi. The other woman trader is a resident of Namanga town and is involved in informal cross border maize trade.

**Table 4.1: Summary of Maize Traders at Namanga**

<b>Respondent</b>	<b>Age</b>	<b>Gender</b>	<b>Nationality</b>	<b>Education level</b>	<b>Experience</b>	<b>Other products</b>
T1	29 years	Male	Kenyan	Diploma	12 years	Green grams, beans and rice
T2	40 years	Male	Kenyan	Diploma	5 years	None
T3	35 years	Female	Kenyan	Diploma	7 years	Beans
T4	28 years	Male	Tanzanian	Degree	One year	Beans, rice and Green grams
T5	32 years	Male	Tanzanian	High school	5 years	None
T6	40 years	Male	Tanzanian	Primary school	10 years	None
T7	45 years	Female	Kenyan	High school	9 years	Beans
T8	41 years	Male	Kenyan	High school	10 years	Beans and rice
T9	38 years	Male	Kenyan	High school	One year	None
T10	31 years	Male	Kenyan	Diploma	6 months	Beans
T11	33 years	Male	Kenyan	Diploma	2 years	None

*Source: Fieldwork, 2015.*

In the case of traders using the formal trading routes, the larger ones would buy and transport volumes of over 30 tonnes in a single trip, while the smaller ones dealt in volumes of about 10 tonnes in a single trip. Traders in the informal trade the researcher spoke to, two of who are Tanzanian nationals and one a Kenyan national are based at Namanga. They deal in much smaller consignments of about 20 bags of between 90 and 110kgs each in a week compared to those who use formal trade routes. In Tanzania, maize is packaged and sold in quantities of 110kg bags. In Kenya, it is packed and traded in 90kg bags.

Two informal traders (T4 and T5) are Tanzanians based on the Tanzanian side of Namanga. They sell their maize at a retail shop at the Namanga border. They also supply maize to schools in Namanga. The woman trader dealing in informal cross border trade is based on the Kenyan side of Namanga border town. Just like her Tanzanian counterparts who use informal trade routes around Namanga, she buys maize in small quantities (approximately 20 bags of

110kgs each per week) from Tanzanian traders across the Namanga border in Tanzania. She then uses ungazetted routes to transport the maize, mostly on handcarts to her posho mill on the Kenyan side. She sells maize directly to buyers who pass by her posho mill and also mills it on demand for clients besides supplying directly to schools in Namanga. She has created a good trade relationship with maize suppliers in Namanga, Tanzania, and therefore prefers to buy from them rather than having to travel all the way to Arusha to buy from brokers.

Other formal cross border traders interviewed often transport their maize in trucks of between 10 tonnes and 32 tonnes in capacity on any given trip. They sell their maize to millers in Nairobi and Thika. There are traders who retail the maize at the Jamhuri market in Thika.

**Table 4.2: Traders Use of Formal and Informal Routes**

<b>Trader</b>	<b>Formal</b>	<b>Informal</b>	<b>Border Points Used</b>
T1	YES	NO	Namanga, Malaba, Busia, Loitoktok, Lunga Lunga
T2	YES	YES	Namanga, Malaba, Busia
T3	YES	NO	Namanga
T4	NO	YES	Namanga
T5	YES	YES	Namanga, Loitoktok, Holili
T6	YES	NO	Namanga, Loitoktok, Holili, Sirare
T7	NO	YES	Namanga
T8	YES	NO	Namanga, Loitoktok, Sirare, Busia, Malaba
T9	YES	YES	Namanga, Loitoktok, Sirare, Holili
T10	YES	NO	Namanga, Busia, Malaba
T11	YES	NO	Namanga

*Source: Fieldwork, 2015.*

The experience of the cross border maize traders varies from between six months to 12 years. The one with 12 years of experience (T1) started out as a clearing agent before graduating to trading in maize. He is the only trader who clears for himself and rarely uses clearing agents unlike the rest of the traders interviewed. At times, he clears for other traders for a fee. Apart from T1, the rest of the traders use clearing agents to handle the customs clearance process on their behalf. This corroborates Popovic et al (2012) observation regarding the symbiotic relationship between the traders and the agents. The agents get paid an agreed amount of money to undertake customs clearance on behalf of traders. Equally, the EASSI (2011) study indicates that at times, customs clearing agents concealed information from traders because

they wanted to remain in business as middlemen. The agents make more money when traders are ignorant of the customs procedures or simply do not want to undertake the clearing process by themselves.

Seven of the eleven traders reported using other borders such as Malaba, Busia, Loitoktok, Lunga Lunga, Sirare and Holili other than Namanga (Table 4.2). Two traders reported exclusively using informal trade routes while three others reported using both formal and informal routes in other borders other than Namanga. Six traders said they have never used informal routes, whether at the Namanga border or in any other borders they have occasionally used as shown in Table 4.2.

Traders who had used informal routes were either residents of Namanga town or did so whenever the Tanzanian government banned maize exports to Kenya. The ban would lead to the suspension of clearance of maize through the customs offices. Informal trade is not captured in official government records and is conducted through unofficial or undesignated trading routes unlike the formal trade, which is carried out through gazetted routes and is recorded. A study on informal cross-border trade in the EAC done by Ogalo (2010) indicated that a number of cross-border traders using formal routes admitted using such routes because they are not registered at all. They also invoked the need to escape domestic taxes and regulations. As a result, it is more convenient for them to conduct their operations informally.

Ogalo (2010) further observed that the existence of poor infrastructure at the official border posts is one of the many factors that lead traders to the informal trading routes. This is because the poor infrastructure increases costs of trade and sometimes pushes traders to unofficial trade so that they can avoid incurring additional costs of clearance at the border crossing posts.

Compared to other borders such as Busia, Malaba, Holili, Lunga Lunga, Sirare or Loitoktok, Namanga was the most preferred route for maize imports as traders pointed out the relatively shorter distance between Arusha (where most of them would get their supplies from) and Nairobi or Thika. This is unlike the distance between Busia or Malaba and Nairobi or Thika,

the destination of their maize supplies. At the time of fieldwork, maize traders were getting their supplies from brokers in areas such as Arusha and Babati in Tanzania and from the Tanzanian government. They said the government was selling them maize through Tanzania's strategic grain reserve. See Table 4.3.

**Table 4.3: Traders on Volume of Maize Per Trip, Source and Destination**

<b>Respondent</b>	<b>Volume Per Trip</b>	<b>Trips Per month</b>	<b>Capacity of truck</b>	<b>Maize Source</b>	<b>Maize Destination</b>
T1	30 tonnes	Eight	Hires 30-tonne truck	Brokers in TZ, TZ's SGR and from farmers in TZ	Millers in Nairobi
T2	16.5 tonnes <sup>8</sup>	Eight	Hires 17-tonne truck	Brokers in Arusha and Babati in TZ	Millers in Nairobi
T3	11 tonnes	Eight	Owens 11-tonne truck	Brokers in Arusha	Millers in Nairobi
T4	2 tonnes	Two	Hires 10-tonne truck	Brokers in Arusha and from farmers	To schools and retail buyers in Namanga
T5	5.5 tonnes	Two	Hires 10-tonne truck	Buys directly from farmers in TZ	To schools and other buyers in Namanga
T6	15 tonnes	Four	Owens 15-tonne truck	Brokers and from farmers in Arusha, Dodoma, Singida, Kondoa and Babati in TZ	Millers and other buyers in Nairobi
T7	8.8 tonnes	Four	Hires handcarts	Brokers in Namanga	To schools and other buyers in Namanga
T8	11 tonnes	Eight	Owens 11-tonne truck	Brokers in Arusha	To millers and other buyers Jamhuri market in Thika
T9	20 tonnes	Four	Owens 12-tonne truck	Brokers in Arusha	Millers in Nairobi
T10	10 tonnes	Six	Owens 12-tonne truck	Brokers in Arusha	Millers in Nairobi
T11	60 tonnes		Owens 32-tonne truck	Brokers in Arusha, Babati and Kondoa in TZ	Millers in Nairobi

*Source: Fieldwork, 2015.*

**Note:** TZ: Tanzania.  
SGR: Strategic Grain Reserve (TZ).

In 2015, traders blamed the scarcity of maize in Tanzania (their main source market) on poor rains experienced in the country in the 2014/2015 season. This not only affected the volume

of maize they bought from Tanzania but also the frequency of their purchases as explained below:

*“I don’t think customs clearance procedures affect the volume of maize that I buy or deal in but rather availability of the commodity in the source market. At this time of the year (2015), the maize supplies are not very adequate in Tanzania due to poor harvests that resulted from erratic rains experienced in the country in the last planting season”.* (Respondent T10, August 10, 2015).

Some traders said that they would previously go for about four or more within a week during the seasons when maize was plenty (like was the case in 2014). They resorted to using small trucks to transport their maize supplies in 2015 due to low supplies. They also made about one or two trips in a week.

#### **4.4 Other Players in Cross Border Maize Trade Study**

##### **4.4.1 Kenya Revenue Authority officers**

KRA officers are stationed at the Namanga border post and follow laid down customs procedures to clear goods entering into national borders from other countries. The officials interviewed indicated that the procedure of cargo verification is a big challenge as it is difficult to ascertain if the entire load on the truck is actually maize or some other goods disguised as maize. Verification of maize using metal bars that are dug into the cargo is not always effective as the KRA officer conducting the verification is unable to detect the existence of other cargo that is potentially concealed in the grain and passed off as maize.

The need for non-intrusive equipment for cargo verification cannot be overstated. According to SADC (2012), non-intrusive inspection and radiation detection equipment are able to inspect high-risk containers or other cargo efficiently without disrupting the flow of legitimate trade. Availability of such equipment would enhance efficiency in cargo verification. Most of the procedures conducted by different government agencies at the Namanga border often overlap. KRA particularly relies on the information provided by other agencies such as KEBS, KEPHIS and Port Health to conduct customs clearance work.

#### 4.4.2 Clearing Agents

Clearing agents play a central role in assisting cross border traders to handle the clearance process for maize at border crossing points for a fee. At the Namanga border, a trader uses two clearing agents, one on the Kenyan side and the other on the Tanzanian side of the border as one trader explains:

*“I use two clearing agents, one on the Tanzanian side and the other on Kenyan side of the Namanga border. I pay each of the agent between Ksh2,500 and Ksh3,000 any time they clear for me. Using an agent is very conducive as it saves me a lot of time and costs that would otherwise arise from not knowing some procedures that agents are familiar with. But, there are some traders who often comply with what the agents tell them and do not question them on what they are supposed to pay in order for clearance to be granted”.* (Respondent T8, July 13, 2015).

The agents work either independently or are attached to clearing and forwarding companies recognised by the Kenya Revenue Authority. The clearing agents who work independently must hold clearing permits issued by government-registered firms in their respective countries. None of the clearing agents admitted facing difficulties handling the customs clearance process for their clients. Those who were new in the trade said they turned to their more experienced colleagues to help them in understanding the clearance process.

For the clearance process to run smoothly, the agents interviewed said it was imperative that the traders supply accurate information about the cargo on transit. The agents pointed to some isolated cases when some traders misrepresented their cargo and hence ended up being penalised. Providing accurate information is important as it ensures that when the cargo verification process is conducted, the information given tallies with what the verifying officer eventually finds out. If it is realised towards the end of the clearing process that a trader made the wrong or misleading declaration regarding the cargo, the clearance process starts afresh and the trader may be penalised depending on the gravity of the mistake. A trader is penalised and may face prosecution if they are found to be dealing in contraband cargo<sup>3</sup>.

The clearing agents often advise traders or transporters to fasten together all documents that have been processed by the customs officials for ease of reference. Fastening them makes it

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<sup>3</sup> One clearing agent cited the example of a blue Tanzania-registered truck that had been lying at the Namanga border yard in Kenya for about one year. The agent said the supposed owner of the truck and the cargo therein had indicated that the lorry in question was carrying maize but when the verification was carried out, it was found to have been loaded with marijuana.

easy to present to officials such as the police at roadblocks for verification. In the event that a document is missing, officers such as the police who understand procedures of cross border trade may use this as an opportunity to demand bribes. A study done by Transparency International (2012) indicates that while the work of customs officers is to confirm that the goods have been correctly declared in the import or export declaration documents, wrong declarations often become an avenue for the officers to solicit for bribes as a condition for issuing clearance. Equally, among the roles of police officers is to verify whether drivers have correct transport permits in relation to goods being ferried. If such documents are missing, the chances of bribery are high.

The customs clearing agents interviewed however said they refrained from bribing the customs officers as an inducement for fast tracking the clearance process. In doing so, they said customs officers would not get used to the habit of soliciting or receiving bribes and as a result, the work of clearing agents would be viable. Besides maize, clearing agents clear other commodities such as rice, beans, green grams, oranges, onions, carrots and steel pipes.

Some of the main challenges that clearing agents face in their work occur when traders fail to meet some tests such as sanitary or phytosanitary requirements. In such cases, the maize may be found to be unfit for human consumption hence rejected or destroyed at traders' cost.

The other headache the agents face is when a wrong declaration is made. For instance, a trader may say the cargo in their possession is maize but it is found to be a different commodity when verification is carried out. When this happens, the clearing process is initiated afresh to make sure the right declaration has been made. If the commodity in question is contraband, it is impounded and destroyed but part of it is kept as evidence to press for the prosecution of the offender in courts of law.

#### **4.4.3 KEPHIS**

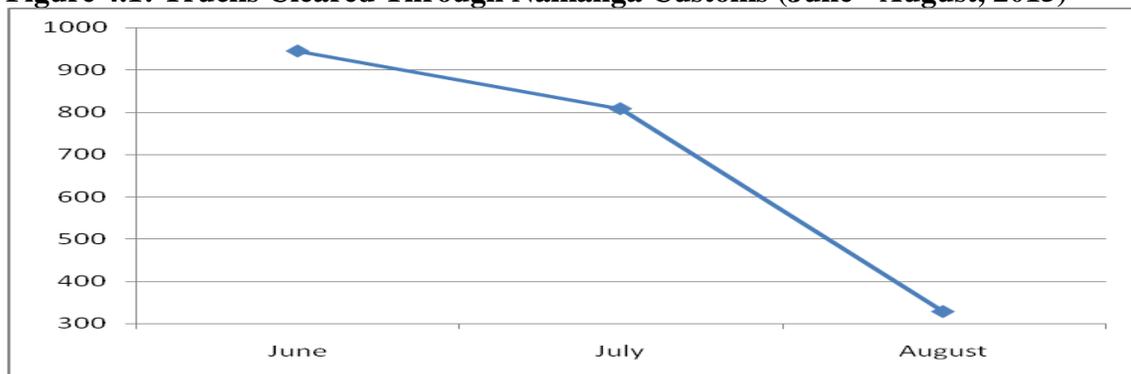
The Kenya Plant Health Inspectorate Service (KEPHIS) is a government agency mandated with enforcing the sanitary and phytosanitary (SPS) measures in the agricultural sector. The inspection done by KEPHIS is meant to certify that the cargo is devoid of harmful pests and

plant diseases. KEPHIS issues plant import permits (PIP) to cross border traders. The PIP has conditions that a trader is required to meet (see Appendix F). The trader is required to present the PIP to the country from which he/she intends to buy maize. The PIP is given to the KEPHIS equivalent in the country from which the trader plans buy maize. The importer takes the PIP together with a sample of the maize to be sold to KEPHIS for testing after which a phytosanitary certificate is issued once the maize is confirmed to meet the stipulated conditions on moisture content, pest level and general condition of the maize.

When the cargo gets to the border, a trader has to present an original import permit and the phytosanitary certificate, which indicates that the Tanzanian authority is satisfied with the condition of the maize as per the Kenyan standards. At the customs yard in Namanga, KEPHIS officials inspect the maize again to confirm it is in the right condition. Parameters such as moisture content, colouring and pest infestation are assessed. Rotten maize would be denied clearance.

A KEPHIS officer the researcher interviewed indicated that most of the importers the agency has dealt with were aware of the specifications for maize importation and have had no difficulty complying with the standards. By the time of the fieldwork, the KEPHIS officer said out of all the maize importers who had been cleared during the year, only one consignment was rejected as unfit for human consumption due to high levels of infestation by weevils. Information availed by the customs office indicated that 944 trucks had been cleared through the Namanga customs office in June 2015, 808 in July 2015 and 328 in August 2015.

**Figure 4.1: Trucks Cleared Through Namanga Customs (June - August, 2015)**



*Source: Namanga customs records, 2015.*

The KEPHIS officer also indicated that importers are charged Ksh 100 per permit. An inspection certificate is issued to the trader for free. The inspection certificate has details of the importer and the exporter, vehicle registration, the type of cargo, quantity and the import permit serial or identification number. Traders may produce this inspection permit at roadblocks or weighbridges if need be.

#### **4.4.4 Port Health Office**

The Port Health Office is concerned with overseeing health and safety elements of imports and exports. Some of these aspects include prevention of introduction and spread of infectious diseases in the country, vectors and rodents control on vessels and within the ports, regulation of food, drugs and chemical substances entering or leaving the ports. These measures are meant to prevent injury to the health of consumers or the environment (Kenya, Republic of and Commonwealth Secretariat, 2005).

A number of checks on plant imports that Port Health officials conduct are more or less similar to those that KEPHIS or KEBS conduct. Some of the tests done are meant to check against infestation by insects such as weevils or grain borers and moisture content (which should not exceed 13.5 per cent of maize weight). Maize grain samples are taken to the laboratory in Nairobi for testing. If the moisture content exceeds the recommended levels, Port Health officials recommend that the trader dries the maize to attain the right moisture content. This is something the KEPHIS officer confirmed. In fact, one trader (T1) admitted to having had to dry his maize consignment previously following the recommendations of KEPHIS and KEBS as the moisture requirement was higher than the recommended level.

The physical appearance of the maize is also checked (maize that has turned black, green or attained any other colour other than the normal one is rejected). The Port Health officials indicated that most of the importers are conversant with such procedures with a number of them being in possession of machines for carrying out tests on the maize before they present it for clearance.

#### 4.4.5 Kenya Bureau of Standards

The Kenya Bureau of Standards deals with imports only and not exports. The body ensures that goods coming into Kenya conform to the laid down standards and will not harm consumers. For maize originating from Tanzania or other East African countries, documentation required are the certificate of origin and the entry permit for the commodity. KEBS conducts inspection to check cases such as colouring, infestation by pests, grading, aflatoxin and moisture content level. The grading is done in Nairobi as the border office at Namanga does not have the equipment to carry out this process. Maize grains can be graded into three grades on the basis of the allowable limits as shown in Table 4.4 and Appendix H.

**Table 4.4: EAC Trade Quality Standards for Grade 1 & 2 Maize**

Purity Attribute	Maximum Percentage or Quantity By Weight	
	Grade 1	Grade 2
Foreign matter (max %)	0.5%	1%
Broken maize (max %)	2%	4%
Pest Damaged Maize (max %)	1%	3%
Rotten and diseased maize (max %)	2%	4%
Discoloured maize (max %)	0.5%	1%
Moisture content (max %)	13.5%	13.5%
Aflatoxin level (ppb)	<10 ppb	<10 ppb

*Source: EAC, 2005.*

Scanning is also not done at Namanga as there are no scanners to do that work at the border. Customs officials said the absence of scanners at the Namanga border to allow execution of non-intrusive verification is an impediment to the cargo verification process.

The KEBS officer indicated that traders are charged Ksh21,000 if they bring maize samples on their own volition for testing at the agency's laboratories in Nairobi. This was confirmed by some clearing agents who undertake the clearance process on behalf of traders. The traders do not pay anything if KEBS requests maize samples for testing. In the case of maize being imported from outside the EAC region, KEBS has contracted SGS (a Swiss-based global inspection agency) to conduct inspection on its behalf. If the importer does not produce a certificate of conformity from SGS, KEBS, which determines what to charge, bills the trader 15 per cent of the value of the consignment to do the inspection before releasing or rejecting the cargo.

At the time of the interview, KEBS indicated that it was not charging importers to inspect maize because the volume of the commodity being imported at the time (2015) had gone down significantly. This is unlike in 2014 when there was plenty of maize imported into the country from Tanzania. Due to abundance of maize imported into the country in 2014, the enormity of the work required that KEBS charges Ksh21,000 for every consignment to conduct inspection at the time. KEBS collaborates with other border agencies to conduct goods inspection. However, a lot of the procedures different government agencies at the Namanga border conduct often overlap.

#### **4.4.6 Transporters**

These are an important group of people charged with facilitating the movement of maize. They are a conspicuous group at the border unlike traders who may be at their offices and in most cases, may not necessarily directly involve themselves in cross border trade on a daily basis. Some transporters also double up as traders and have their own means of transport to facilitate movement of cargo from the source market to the destination.

Transporters operating on behalf of traders often work hand in hand with clearing agents to handle to customs clearing process. In this case, they are given money by traders to pay the clearing agents. None of the transporters that were interviewed handled the clearing process on their own. They used the services of clearing agents stationed at the Namanga border. The transporters also indicated that it was hard to con the traders as they would have to present receipts of any official charges incurred in the course of clearing.

#### **4.5 Actual Procedures Cross Border Maize Traders Go Through**

To begin with, a Kenyan trader going to Tanzania must possess a valid passport and a yellow fever certificate. The same applies to Tanzanian traders crossing into Kenya through the official border points.

A trader planning to import maize to Kenya is required to acquire a plant import permit (PIP), which is issued by KEPHIS. The PIP gives an indication of where maize is produced

or grown. The maize being imported must be entirely free from soil, chaff and/or leaf mold, clean, free from diseases and storage pests as shown in Appendices F and H.

Each consignment of maize must be accompanied by an original copy of the import permit and phytosanitary certificate from country of origin, Tanzania in this case. Genetic modification status of the maize must be declared and details stated on the phytosanitary certificate or on a certificate of analysis from a credible laboratory. The maize should have moisture content not exceeding 13.5 per cent of its weight.

For purposes of packaging, banana, palm or maize stalks or leaves, sorghum or wheat straws or leaf mold must not be used. If any other plant residue is used for packaging, the consignment must be accompanied by a certificate stating that all seeds, pathogens and insects have been killed before use of the material either by heating to 180 degrees Fahrenheit/83 degree Celsius for ten minutes or by chemical treatment. Such details must be stated in the phytosanitary certificate.

The plant import permit is currently valid for six months from date of issue. However, it may be cancelled at any time by the Director of Agriculture or by the officer issuing the permit on the director's behalf. Failure to produce the requisite certificates leads to prohibition of entry of the maize.

Regardless of whether or not it is loaded with cargo, a vehicle proceeding to or originating from a different country must be declared at the customs with information regarding its particulars supplied to customs officers. The vehicle or goods therein cannot be removed from the customs area until entry permission has been granted by a customs officer. Any person who contravenes such a provision commits an offence and any goods in respect of the offence risks forfeiture (Kenya, Republic of, 2012) as seen in Appendix G.

A trader or transporter is required to pay road toll fees (for Kenyan registered trucks proceeding to Tanzania or Tanzanian registered trucks proceeding to Kenya). Kenyan traders or transporters are also required to pay insurance when proceeding to Tanzania. The

insurance has to be taken regardless of how many days the truck will spend on the Tanzanian soil. Kenyan traders said this type of insurance costs them, which is acquired from underwriters at the Namanga border costs Ksh1,250 (approximately Tsh25,000) at any given time. Tanzanian traders or transporters pay insurance for their trucks if they intend to stay in Kenya for more than 10 days.

The traders are also required to pay border fees, get clearance from Port Health and KEBS. KEBS ensures that goods coming into Kenya conform to the set standards and will not harm consumers. Port Health on the other hand checks against introduction and spread of infectious diseases in the country, conducts vectors and rodents control on vessels and within the ports, regulation of food, drugs and chemical substances entering or leaving the ports to prevent injury to health of consumers or the environment.

In summary, a cross border trader must declare imports using Form C63 (single entry document) obtained from relevant government offices or from clearing and forwarding agents. For customs to clear maize, it is mandatory that entry document is accompanied by a KEPHIS Plant Import Permit (PIP), a Phytosanitary Certificate (issued from the exporting country), original invoice for the cargo, an Import Declaration Form (Form C61), clearance stamps from KEPHIS (Plant Import Permit related to health clearance), KEBS quality clearance and Port Health Office safety clearance. A receipt or receipts of local taxes paid must also be presented. The goods are only released to the trader after they have been cleared with customs, KEBS, KEPHIS and Port Health.

#### **4.6 Traders' Understanding of Procedures for Cross Border Maize Trade**

Of all the 10 traders interviewed, only one of them was the most experienced given his extensive understanding of customs procedures and the number of years in the trade. He had been involved in cross border maize trade for 12 years, the longest time compared to the rest of the traders. He understood the customs procedures very well given his two fold experience as a trader and as a clearing agent. Unlike the rest of the traders in official or formal trade, he usually handles the customs clearance processes by himself. All the other traders who use the formal trading route at Namanga use clearing agents. The rest understand some basic

customs procedures such as plant import permit, sanitary and phytosanitary, road toll and insurance requirements, but they prefer using clearing agents. This means that traders with limited understanding of customs procedures have to incur extra costs in cross border trade as they have to hire clearing agents to handle the customs clearance process on their behalf. The traders may pass the extra costs to consumers.

Customs officers interviewed said traders with previous offences such as those who had been caught using informal routes or dealing in contraband are subjected to stringent verification. The EASSI (2011) study particularly indicates that cross border traders at times violated customs rules by using informal routes due in part to ignorance about customs procedures, the need to evade border charges and the cost of hiring clearing agents. When caught violating the customs procedures, the victims undergo a more rigorous verification process. In the case of having previously been caught dealing in contraband cargo, the trader is asked to offload the entire load for verification to ensure they are not in possession of prohibited products before. EASSI (2011) study however indicates that customs officials reported occasionally enlightening traders on procedures for trading across borders to lessen violation of cross border trade rules such as use of unofficial/ungazetted routes.

Having worked as a clearing agent before, T1 indicated that he understood customs procedures well (Table 4.5) and therefore did not see the need of using the services of clearing agents. He handles the customs clearance process by himself. Kenyan-registered trucks heading to Tanzania have to pay insurance regardless of the number of days they will spend in Tanzania. Tanzanian registered trucks entering Kenya only take insurance if they intend to stay in Kenya for more than 10 days.

At the border, traders use two agents, a citizen of Tanzania on the Tanzanian side of the border and a Kenyan on the Kenyan side. They pay the agents money ranging between Ksh2,500 – Ksh5,000 in clearance fees depending on the negotiation level and the quantity of the maize.

The traders or importers bear the full clearance costs. A number of traders indicated that some agents often capitalise on the naivety of some traders or transporters to extort them by bringing up non-existent conditions outside the standard or stipulated customs procedures. Some agents also deliberately delay the process, alleging the officers need a bribe before releasing documents “on time” to the trader or transporter. This confirms the observation made by Popovic et al (2012) that at times, clearing agents have personal interests that do not necessarily reflect those of traders or key clients.

**Table 4.5: Summary of Traders’ Understanding of Customs Procedures**

<b>Respondent</b>	<b>Customs Procedures</b>
T1	Import permit (showing maize source); Border fees; Insurance; Road toll in Tanzania; Payment of local tax in Tanzania; KEPHIS, KEBS, Port Health and KRA clearance and Payment of County tax in Kenya. He clears on his own.
T2	Import permit; clearance from KEPHIS, KEBS, KRA and Port health in Kenya and the equivalent in Tanzania. He uses clearing agents.
T3	Road toll in Tanzania; Insurance; KEPHIS, KEBS and KRA clearance in Kenya and in Tanzania by equivalent. She uses clearing agents.
T4	Uses informal routes at Namanga.
T5	Uses informal routes at Namanga.
T6	Export permit; KEPHIS, KEBS and KRA clearance in Kenya and Tanzania equivalent, Road toll in Kenya. He uses clearing agents.
T7	Uses informal routes at Namanga.
T8	Import permit; Road toll in Tanzania, KEPHIS, KEBS and KRA clearance in Kenya and Tanzania equivalent and county tax in Kenya. He uses clearing agents.
T9	Vehicle inspection, payment of entry fees, road toll and insurance to cover the Tanzanian side of the journey. He uses clearing agents.
T10	Import permit; Border fees; Insurance; Road toll in Tanzania; KEPHIS, KEBS, Port Health and KRA clearance and Payment of County tax in Kenya. He uses clearing agents.
T11	Import permit; Border fees; Insurance; Road toll payment in Tanzania; KEPHIS, KEBS, Port Health and KRA clearance and Payment of County tax in Kenya. He uses clearing agents.

*Source: Fieldwork, 2015.*

In most cases, many of the traders and transporters do not bother or care to follow up on the clearance process. They usually stay at the parking lot waiting for agents to follow up with and complete the clearing process and have the documents delivered to them.

Clearing and forwarding agents often require that transporters or traders alert them about an hour before they reach the border. The advance alert allows an agent to initiate the clearance process in good time. In this way, by the time the traders or transporters reach the border, their cargo is checked to confirm the details in the documents before they are released to cross into Kenya in the shortest time possible. This means the transporters or traders do not spend a very long time at the border.

A trader is required to present evidence of clearance from the partner or counterpart government agencies in Tanzania (for instance, the equivalent of Port Health officers, KEPHIS, KEBS and KRA) before they are cleared at the border customs office in Namanga, Kenya. One KRA officer noted that maize being a zero rated commodity is on some occasions used by some traders as a conduit of smuggling other illegal or high tax value commodities such as gold, diamond or Tanzanite. These products may not be easily identified by the intrusive methods of cargo verification.

The NCTTCA (2014) acknowledges that use of intrusive verification methods is inefficient as it not only delays the customs clearance process but also poses a big challenge when contraband goes through the customs checks undetected. Acquiring non-intrusive methods of verification such as scanners may go a long way in reducing the time taken to verify goods, ease border congestion and reduce the risk of contraband being imported into the country.

#### **4.7 Procedures Traders Considered Easy and Difficult to Comply With**

All the traders (apart from one) who use the formal trading route at Namanga use clearing agents to handle the customs clearance process on their behalf. For this reason, many of them could not point out the specific procedures they felt were much easier to comply with. However, some of them indicated that procedures such as payments of border fees or road toll are straight forward and do not present major challenges to traders compared to those on standards.

Some Kenyan traders indicated having challenges with charges Tanzanian authorities asked them to pay on some occasions regardless of whether or not the officials were doing this

lawfully. The traders attributed this to disturbance by Tanzanian police or customs officials for dictating the amount of money payable as charges on various occasions despite these not being part of the customs procedures. The challenge with this is that the importers or traders are often caught unawares on how much they are supposed to pay from time to time as the charges are usually enforced arbitrarily. Some traders reported instances where some officials in Tanzania arbitrarily introduced certain levies that Kenyan traders were required to pay before being allowed to proceed. They said this is common along major transport corridors in Tanzania. At the time of the fieldwork one trader (T3) indicated that she had been asked by some Tanzanian officials to pay a fee of Tsh500 (approximately Ksh20) per bag before being allowed to cross over to Kenya. She said this was not part of the charges she was to pay. She said the officials told her this was part of the verification process and hence was not given any receipt.

Two Kenyan traders (T3 and T1) reported being harassed by Tanzania police on several occasions. They admitted that these officers often intimidate traders, at times accusing them of not having bought the maize 'legally' or perhaps, dealing in stolen commodities. Such threats or claims, the traders said, are usually meant to intimidate them into paying bribes.

A number of traders and transporters also mentioned being frequently harassed by Tanzania police on very trivial cases such as a slightly worn out tyre on their vehicle. The police may for instance, use the excuse of a secondary damage to a tyre perhaps as a result of rough or bumpy ride to harass the motorist. In this way, they are at times prompted to pay bribes to be allowed to proceed without further inconveniences. Certain traders have devised a way of circumventing such challenges by using Tanzanian nationals as agents to escort or transport the cargo to the border on their behalf but this comes at an extra cost.

One trader pointed out that some of the circumstances that made it difficult for him to comply with procedures on standards occurred when his stock was infested by pests such as weevils in the course of the journey. This usually happens when a truck that previously transported maize that was highly infested by the pests and the cleansing was not done properly. This means that when the trader uses the same truck to transport maize, the pests

may infest the maize thereby compromising its quality. Other circumstances that compel him to scale down on the quantity of maize he transports are related to the scarcity at the source.

In terms of how the traders were treated by customs officers, one trader indicated he was never subjected to customs procedures whenever he used the Busia and Malaba borders. This is because one of his relatives worked as a senior officer at one of the stations. The treatment was different whenever he used the Namanga border. However, at the Namanga border, he was subjected to similar procedures as other traders apart from those who had previous customs offences.

Generally, traders and transporters indicated different waiting times before being cleared at the Namanga border. About half of the traders who use the formal trade routes expressed frustrations over delays, with the rest indicating that the clearing process was fast. However, traders who had previously used other borders such as Busia and Malaba said the customs clearing process in these two borders was much faster compared to the process at the Namanga border. Busia and Malaba were specifically mentioned to be more convenient and efficient because of the 24-hour operating schedule that allows traders and transporters to get cleared at any time of the day or night. Significant delays in cross border trade often lead to lower volume of trade and results in higher costs of doing business (World Bank, 2014). Desperate about chronic delays in the customs clearance process, traders and transporters often resort to bribing customs officials to fast-track the clearance process according to Karugia et al (2009). Similarly, the traders and transporters also habitually incurred additional financial costs mostly in form of bribery to overcome delays in customs clearance.

When compared to traders, transporters especially those of Tanzanian or Rwandan origin expressed frustration over long delays they experienced at the border on the Kenyan side awaiting clearance compared to their Kenyan counterparts. Most of the transporters of Tanzania origin admitted to have only completed their primary schooling compared to their Kenyan counterparts. This means that they would easily be manipulated by clearing agents, who kept them waiting for many hours and at times for the entire day. Majority of the transporters of Kenyan nationality said they had were high school graduates or diploma

holders. According to Ogalo (2010), lack of proper education among cross border traders or transporters was established to make them timid when it came to seeking necessary information that could help them fully benefit from trade.

According to the study by Transparency International (2012), the worst customs stations in terms of time spent to clear goods were reported at the Kenya and Tanzania borders of Namanga, Taveta, Holili, Horohoro, Lunga Lunga and Loitoktok. The study found that truck drivers spent an average of 68 hours at these border stations seeking customs clearance. The slow pace of clearance opens up an opportunity for giving of bribes to hasten the process. The study further found that the least amount of time spent on customs clearance was reported at the Tanzania-Burundi border. Truck drivers spend an average of 48 minutes at Kobero border on Burundi side and Kabanga on the Tanzania side to get cleared.

Majority of Tanzanian traders and transporters claimed that they faced more delay on the Kenyan side in Namanga as opposed to the Tanzanian side of the border. On the flipside, majority of Kenyan traders and transporters claimed they were often delayed on the Tanzanian side of the Namanga border compared to the Kenyan side of the border. They also said they are never told the reasons for delays but they felt it is a ploy by Tanzania government officials to occasionally frustrate them. The traders and transporters believe that the establishment of a One Stop Border Post which will facilitate customs clearance at a central point will go a long way in cutting down unnecessary delays. As things are now, a number of Kenyan traders have devised a way of circumventing such a challenge by using Tanzanian nationals as agents to escort or transport the cargo to the border point in Namanga but this comes at an extra cost.

#### **4.8 How Maize Traders Cope With Difficult Customs Procedures**

All traders that were interviewed except one said they hired clearing agents to handle the customs clearance process on their behalf. Most of the traders using formal trade routes admitted knowing just a few customs procedures such as the need for plant import permit, road toll payment, insurance as well as KEPHIS, KEBS and Port Health clearance. However, they said that using clearing agents made their work easier as they did not have to deal with

the complex customs clearance processes. Customs officials admitted that some traders use informal or ungazetted routes (*panya routes*) to avoid the cross border clearance procedures. This is despite the KRA officers saying that maize being a zero rated commodity in the EAC has undemanding clearance procedures.

Circumstances that make some traders scale down the volume of maize they deal in include bans on maize exports by the Tanzanian government to Kenya to safeguard her own food security. In their study, Wilson and Lewis (2015) found that Tanzania could have been relying on misleading statistics regarding her food security status to enforce bans on maize exports. This assertion supports a study by USAID (2012) which stated that the potential for Tanzania to develop her maize sub-sector to target the export market was being undermined by the periodic use of export bans to address food security concerns. This is despite strong evidence suggesting that export bans are not very effective at ensuring food security, controlling food prices or preventing exports. Some traders often opt for informal routes to circumvent such bans. In some cases, such traders often bribe police officers to be allowed to use ungazetted routes. On occasions when customs officers enhance their border surveillance, the maize is usually transported at night through the informal routes in very small quantities.

In other instances, export bans that Tanzania imposes on maize often leads to smuggling of the commodity from Tanzania into Kenya. In 2011 for instance, Tanzania imposed an export ban on maize from May 2011 to October 2011 the same time that Kenya lowered the import duty on the commodity. Such measures often lead to significant ramifications along the maize value chain in both countries (Kirimi et al, 2011). Tanzanian farmers usually whine about the low prices they receive even as their marketing margins rise thereby benefiting mostly the traders who to take the risk and smuggle maize into Kenya for twice the price they receive in Tanzania. In Kenya on the other hand, when the import tariff on maize is reduced and large volumes of maize are imported, large traders and millers face less competition from retailers and small scale millers. This improves their margins at the expense of the consumers (Kirimi et al, 2011).

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Introduction

This chapter presents the summary of the findings and conclusion of the study. It also states the recommendations and areas for further research.

#### 5.2 Summary of the Findings

Traders dealing in cross border maize trade are required to obtain an entry permit from the relevant government bodies or from licensed clearing and forwarding agents. The entry permit must be presented to customs clearance officers alongside a KEPHIS Plant Import Permit (PIP), a Phytosanitary Certificate, original invoice for the cargo and an Import Declaration Form. The trader must also present clearance stamps from KEPHIS (related to health clearance), KEBS quality clearance and Port Health Office safety clearance. Receipts of local taxes that have been paid must also be presented for the maize to be cleared by the KRA. The cargo is released to the trader once it has been cleared with KRA, KEBS, KEPHIS and Port Health offices.

The traders have varied experience in cross border maize trade and customs clearance procedures. The most experienced trader has worked for 12 years as a cross border maize trader as well as a clearing agent. Further, the trader (T1) understands customs procedures very well and handles the clearance process by himself. The rest of the traders dealing in formal cross border maize trade have experience ranging from between six months and 10 years. They pay clearing agents to undertake the customs clearance on their behalf.

The trader who had 12 years of experience in cross border trade started out as a clearing agent and worked for a large maize importer. He later picked interest in cross border maize trade and ventured into the business while the rest of the traders dealing in formal cross border trade went directly into the trade. Apart from T1, the rest of the traders who engage in formal cross border trade admitted to knowing a couple of procedures namely need for an

import permit, sanitary and phytosanitary requirement, road toll charges, insurance as well as the need for KEPHIS, KEBS and Port Health clearance.

All formal cross border maize traders except one use clearing agents to handle the customs clearance process on their behalf. Many of them could as a result not point out the specific customs procedures they felt were easy or difficult to deal with. Nevertheless, some of them identified procedures such as payment of border fees or road toll as straight forward and are relatively easier to deal with as opposed to procedures on standards or quality specifications.

A number of Kenyan traders indicated having challenges with arbitrary charges Tanzanian authorities asked them to pay on certain occasions regardless of whether the officials were doing this illegally or not. At the time of the fieldwork, a certain woman trader said she had been asked by some Tanzanian officials to pay a fee of Tsh500 (approximately Ksh20) per bag of maize she had bought in Tanzania before she could be allowed to cross over to Kenya.

Furthermore, traders and transporters indicated different waiting times before cleared at the Namanga border. About half of them expressed frustrations over long delays (between one day and three days or more) with the rest indicating that the clearing process (averaging between 30 minutes and two hours) was fast. However, traders who had previously used other borders such as Busia and Malaba said the customs clearing process in these two borders was much faster compared to the Namanga border. Busia and Malaba were also cited to be more convenient and efficient because of the 24-hour operating schedule that allows traders and transporters to get cleared at any time of the day or night.

All formal cross border maize traders (apart from one) interviewed in this research used clearing agents to carry out the customs clearance process on their behalf. By so doing, they are spared the burden of following up with the customs clearance processes on their own. This would be no mean task for them as they would have to extensively familiarise themselves with the customs procedures first before comfortably handling the clearing process on their own just like the most experienced trader.

KRA officers at the Namanga customs office admitted that a number of traders use informal or ungazetted routes (*panya routes*) to circumvent cross border customs procedures. The officers however said maize being a zero rated commodity in the EAC has straightforward clearance procedures and does not attract taxes.

### **5.3 Conclusion**

Formal cross border maize traders using the Namanga border do not undertake the customs clearance process on their own apart from one who had worked as a clearing agent before. They contracted clearing agents both on the Tanzanian side of the Namanga border and on the Kenyan side to carry out the clearance process on their behalf.

On familiarity with customs procedures, most of the traders identified a few procedures such as payment of road toll, need for export and insurance permits, need for KEPHIS, KEBS and KRA clearance as the ones they understood better. In most cases, many of the traders and transporters did not bother or care to follow up on the clearance process as they considered this a bother to them hence paid clearing agents to handle customs clearance processes on their behalf.

The traders using large trucks (with a capacity of over 10 tonnes) said they did not use ungazetted or unofficial routes around Namanga. The reason given is they did not want to break customs regulations which would lead to their blacklisting or being penalised. Another reason given for avoidance of informal trade routes was that the trucks carrying maize supplies are big in size and could easily be noticed should customs officials or the police pursue those using such routes. Traders with previous offences such as smuggling of goods or use of informal trade routes are subjected to rigorous verification process compared to those with no known customs offences.

### **5.4 Recommendations**

There is need for Kenya and Tanzania to streamline some of the procedures for cross border maize trade. Some of these procedures are administrative in nature, for instance, synchronising the time the border starts operating. This is a proposal that can be implemented

within the short term of say six months or a year subject to consultations between the relevant government authorities. Traders, transporters and agents noted that once the operating schedule of the Kenya and Namanga border offices is harmonised, it would improve efficiency in customs clearance and lessen delays.

Better still, traders and transporters suggested that the Namanga border should operate for 24 hours. A 24-hour operating schedule would go a long way in eliminating delays associated with time restrictions. At the time of fieldwork, clearance would begin at around 7 am and end at 6 pm on the Kenyan side of the Namanga border. On the Tanzanian side, clearance would begin at around 9 am and end at 5 pm. This means that traders who arrived at the border before the stipulated opening hours or after the official closing hour wasted valuable time waiting the official operating period. Transporters who prefer travelling at night are particularly inconvenienced as they now have to stick to the day time schedule. This disruption would be eliminated if the Namanga border operated for 24 hours.

Clearing agents said there is need to harmonise the road toll charges for trucks. Larger trucks (with a capacity of more than 15 tonnes) were attracting more charges compared to the smaller ones (with a capacity of less than 15 tonnes). This is an administrative issue that can be handled by the relevant government authorities with the view of resolving it over the next two years. Majority of the traders also felt there is need for Kenya and Tanzania to work towards improving their relationship. The traders felt the relationship between the two countries is currently strained and results in many needless barriers to trade.

Traders emphasised the need for a One Stop Border Post. With the single border post in place, customs clearance for both Kenya and Tanzania would occur once within a central point with only single inspection being carried out. This would help in reducing the unnecessary delays experienced when the traders have to clear twice: separately with the Kenyan as well as with the Tanzanian customs authorities. What happens now is that once the traders are done with clearance on the Tanzanian side, they begin the process again on the Kenyan side, a process that would be avoided with the OSBP.

The construction work on the OSBP is on-going. While the existence of the OSBP at Namanga will not necessarily solve all cross border trading bottlenecks, it would significantly reduce transit times and in some cases by up to 50 per cent. However, with the adoption of the OSBP, customs documentation and inspection procedures for the two countries would need to be harmonised (Koopman and Laney, 2012).

Since the launch of the Chirundu OSBP (which is situated on either side of the Zambezi River) in December 2009, passengers and commercial traffic stop only once to complete border clearance process for both countries within one border facility (Pearson, 2011). Prior to the establishment of the OSBP, it would take up to five days for a commercial truck to be cleared at the Chirundu border but the process now takes less than two hours. The major cause of lengthy transit times were the long procedures involved in passing through two sets of border controls in the respective countries. The streamlining and harmonisation of border procedures at Chirundu resulted in significant reduction of processing times. This was achieved by initiatives such as joint inspections and harmonisation of customs procedures (Zimbabwe, Republic of, 2011).

Customs officials underscored the need for the installation of non-intrusive scanners at the Namanga border for cargo verification. Use of scanners would be more accurate and efficient compared to the use of the intrusive method of verification, which is usually done by inserting metal rods into maize bags. Installation of scanners to conduct non-intrusive form of cargo verification can be implemented within a year contingent to availability of funds. Officers to be put in charge of the verification process should also be trained on the use of the non-intrusive methods of cargo verification in readiness for its implementation.

KRA officers further highlighted the need to enlighten traders and the public that maize is a zero rated commodity within the EAC. Such enlightenment would help attract more people into cross border maize trade mostly through the official trade routes. Equally, the customs office at Namanga needs to automate its records for ease of reference. The records they keep are in hard copy but there is need to convert them into electronic formats to make it easier for ease of reference and to avail information to researchers or government institutions.

Kenya and Tanzania also need to work towards improving their trade relations with a view to enhancing cross border trade in commodities such as maize. One of the policies that can be adopted with speed by both countries should be on the use of national identification cards (IDs) by traders and transporters from both countries when entering each other's national borders.

Currently, nationals of Kenya, Uganda and Rwanda are free to use their national IDs to travel to any of these three countries without restrictions. The agreement was endorsed by the heads of state of the three EAC countries in January 2014. Use of IDs has eased movement of imports and exports among traders according to Rwanda, Republic of (2014). Despite its perceived benefits, Tanzania is yet to ratify the decision by Kenya, Uganda and Rwanda to allow their citizens to use national identification cards while travelling to the respective countries.

#### **5.4 Areas of Further Research**

A study on the impact of the Namanga One Stop Border Post, once construction is completed and when it becomes fully operational needs to be undertaken in the near future. The study may focus on the impact the OSBP has on cross border trade facilitation. Most of the traders interviewed were confident that when the OSBP is in place, it would increase efficiency in the customs clearing process by eliminating the need to clear twice (at the Kenyan and at the Tanzanian customs offices).

Future research may also focus on deeper interrogation of KRA officials on their experience in cross border trade clearance and the effect of an OSBP on their work. The researcher believes that optimal cooperation on the part of customs officials in granting unfettered interview opportunities would have gone a long way to enhance the basket of information available on cross border maize trade to the benefit of policy makers, traders, transporters, clearing agents and other key agents facilitating or engaged in cross border trade.

Finally, a study that combines traders in Kenya and Tanzania would go a long way in understanding their perceptions and experiences with customs procedures. A potential area of exploration would be on the traders' experiences with the treatment by customs officials and other government agencies in and outside their respective countries in pursuit of their cross border trade activities.

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## APPENDIX A

### Maize import procedures in Kenya

#### **Plant Import Permits**

Before importation, the trader must obtain a Plant Import Permit from Kenya Plant Health Inspection Services (KEPHIS) offices or border posts where details can be obtained. Imported maize must be accompanied by a Phytosanitary Certificate from the country of origin certifying that the conditions stipulated in Kenya's Plant Import Permit are met, which will be verified by KEPHIS inspectors at the point of entry.

#### **Quality standards**

Quality standards are enforced through inspections of maize imports by Kenya Bureau of Standards and at ports of entry.

#### **Safety Standards**

Maize imports must meet food safety standards specifications regarding moisture content and aflatoxin level. They must also be free from radioactive material and other impurities.

#### **Import Duty**

Import duty on maize from Tanzania, Uganda, Burundi and Rwanda.	Import duty on maize from COMESA countries		Import duty on maize from all other countries
0%	0%	For Free Trade Area, maize exporting countries (Egypt, Malawi, Zambia, Zimbabwe).	50%
	22.5%	For Ethiopia	

#### **Form C61, Import Declaration Form**

Before importation, a maize importer must obtain Form C61 (Import Declaration Form) from the government of Kenya.

#### **Customs Documents and Procedures**

The importer must declare imports using Form C63 (Single Entry Document) (or Form 88, Direct Assessment, if maize is for non-commercial use). For customs to clear the maize, it is mandatory that Form 63 (or Form E) be accompanied by:

- KEPHIS Plant Import Permit
- Phytosanitary Certificate (from the exporting country)
- Original invoice
- Import Declaration Form (Form C61)
- Clearance Stamps from KEPHIS (Plant Import Permit related to health clearance), Kenya Bureau of Standards (quality clearance), and Port Health Office (safety clearance)
- Receipt for duty paid.

### Maize export procedures for Kenya

#### **Certificate of Origin**

The trader must obtain a Certificate of Origin, issued by the Kenya Revenue Authority (KRA). To be issued with a certificate of origin, the trader must meet the following conditions:

- Register as an exporter.
- Provide information on destination country (Certificate of Origin facilitates access to preferential duty for importers in the East African Community and COMESA region).

### **Phytosanitary Certificate**

Exporters must obtain a phytosanitary certificate from KEPHIS. The Phytosanitary Certificate stipulates quality and health standards required by the country of import and is obtained by the exporter for use during importation of the maize.

### **Customs Documents and Procedures**

Traders must declare exports using Form C63, Single Entry Document. For customs to clear the maize, it is mandatory that Form 63 (or Form 88) be accompanied by a Certificate of Origin.

### **Maize import procedures in Tanzania**

#### **Import Permit**

Before importation of maize, traders must obtain an Import Permit from the Strategic Grain Reserve. Traders must submit an application showing the quality, quantity, delivery time and place where maize is being sourced. To get the Import Permit, importers must meet the following conditions:

- Have a trading license
- Be registered with the Tanzania Revenue Authority (TRA).

#### **Plant Import Permit**

Before importation of maize, traders must obtain a Plant Import Permit from the Ministry of Agriculture and Food Security's Plant Health Service Department.

#### **Quality Standards and Batch Certifications**

Importers must apply to the Bureau of Standards for the Batch Certifications at least one week before the arrival of their imports. The application forms are obtainable from Tanzania Bureau of Standards (TBS).

#### **Food Import Permit**

Before importation of maize, the trader must obtain a Food Import Permit from Tanzania Food and Drugs Authority (TFDA).

#### **Import Duty**

Import duty payable on maize imports from EAC countries and other parts of the world is summarized below.

- Import duty on maize from EAC (Kenya, Uganda, Rwanda and Burundi) 0%
- Import duty on maize from all other countries 50%

### **Customs Documents and Procedures**

The importer must obtain and complete a Single Bill of Entry form (SBE) from customs offices. For customs to clear the maize, it is mandatory that the SBE be accompanied by:

- Import Permit issued by Strategic Grain Reserve
- Original Invoice from the supplier
- Road manifest Form C12, which Customs issues to the importer at the point of entry for overland routes.
- Clearance Stamps from Tanzania Bureau of Standards (TBS), Plant Health Services, Tanzania Food and Drug Authority (TFDA) and National Radiation Commission.

## **Maize export procedures in Tanzania**

### **Export Permit**

Export Permits for maize are obtained from the Strategic Grain Reserve. To get the Export Permit, the trader must meet the following conditions:

- Hold a valid trading license.
- Be registered with Tanzania Revenue Authority, i.e. should have a TIN number.
- Apply in a simple letter, showing the quality, quantity, delivery time and export destination.

### **Phytosanitary Certificate (or ‘Plant Export Permit’)**

Maize exporters must obtain a Phytosanitary Certificate, certifying the conditions that the destination country would like certified.

### **Certificate of Origin**

Before exporting maize, the trader must obtain a Certificate of Origin from the Tanzania Chambers of Commerce Industry and Agriculture (TCCIA).

### **Customs Documents and Procedures**

The exporter must obtain and complete an SBE available from customs offices. For customs to clear the maize for export, the SBE must be accompanied by:

- Export Permit from Strategic Grain Reserve
- A commercial invoice
- Phytosanitary Certificate
- Certificate of Origin.

## **APPENDIX B**

### **INTERVIEW GUIDE FOR TRADERS**

My name is Joshua Masinde, a Master’s student at the Institute for Development Studies, University of Nairobi. I am conducting a study on “The effect of customs procedures on cross border maize trade”. This study aims to fill the gap in existing literature on cross border trade by assessing the perceptions of traders and transporters on how customs procedures affect their participation in maize across border maize trade. I am requesting a 45-minute interview to understand your experience with customs procedures in cross border maize trade. The findings of this study will be used in writing an MA project paper for academic purposes only. This study will inform future policy interventions aimed at improving cross border trade procedures. Information obtained from this interview will be treated confidentially. Thank you in advance.

#### **1. Background information**

- 1.1. Name of trader: .....
- 1.2. Sex: Male: ..... Female: .....
- 1.3. Resident of: .....
- 1.4. Nationality: .....
- 1.5. Age: .....
- 1.6. Education (up to what level): .....

#### **2. Specific questions**

- 2.1. For how long have you engaged in cross border maize trade?
- 2.2. Which are the main sources of your maize supplies and where do you sell the maize?
- 2.3. Do you deal in maize only or there are other commodities that you deal in as well? If yes, which are the other commodities?
- 2.4 Do you buy maize directly from farmers or you are a broker? Why?
- 2.5 Do you sell the maize directly to the market or through agents? What are the reasons for that?
- 2.6. How do you transport your maize across the border and what are the proportions like at any given time?

2.7. Do you ever use transporters? If yes, how often do you use them? Do you give them some leeway in dealing with the clearance process at customs offices?

2.8. Can you explain to me some of the cross border trade procedures that you go through when dealing in maize trade?

2.9. In your own words, which procedures do you find easy to comply with? Why?

2.10. Which procedures do you find difficult to comply with? Why?

2.11. How do you deal with the procedures that you find difficult to comply with (i.e. do you use agents, informal routes or is there another way of complying with or circumventing the procedures)?

2.12. How do the difficult procedures affect the volume of maize that you sell across the border any given time, say a week, fortnight, month or three months?

2.13. Do you use any other border other than Namanga when trading across borders?

2.14. Are the procedures any different from the ones you go through at the Namanga customs office? If so, how different are they?

2.15. Can you explain some of the circumstances that compel you to use informal channels in trying to get maize across the border?

2.16. What can be done to improve the process of clearing maize at the border?

## APPENDIX C

### INTERVIEW GUIDE FOR TRANSPORTERS

My name is Joshua Masinde, a Master’s student at the Institute for Development Studies, University of Nairobi. I am conducting a study on “The effect of customs procedures on cross border maize trade”. This study aims to fill the gap in existing literature on cross border trade by assessing the perceptions of traders and transporters on how customs procedures affect their participation in cross border maize trade. I am requesting a 45-minute interview to understand your experience with customs procedures in cross border maize trade. The findings of this study will be used in writing an MA project paper for academic purposes only. This study will inform future policy interventions aimed at improving cross border trade procedures. Information obtained from this interview will be treated confidentially. Thank you in advance.

#### 1. General information

- 1.1. Name of transporter: .....
- 1.2. Sex: Male: ..... Female: .....
- 1.3. Resident of: .....
- 1.4. Nationality: .....
- 1.5. Age: .....
- 1.6. Education (up to what level): .....

#### 2. Specific questions

- 2.1. For how long have you been transporting maize across the Namanga border?
- 2.2. Do you transport the maize for a third party or for yourself?
- 2.3. If you transport maize on behalf of traders or third parties, do they leave you to do everything on your own (customs clearance) or they do it for you?
- 2.4. In your day to day activities, describe what you do and whom you interact with? How is the clearance process for maize at the Namanga customs office usually like?
- 2.5. What proportions of cargo volume do you transport at any given time and why?
- 2.6. Are you familiar with customs procedures that you must comply with when transporting maize across the border? Which ones are they?

2.7. Which procedures do you find easy to comply with? Why?

2.8. Which procedures do you find difficult to comply with and how do you deal with such procedures?

2.9. Which means do you use to transport maize across the border (trucks, pick-ups, handcarts, by bicycle or hand e.t.c)? Why?

2.10. Which country is the source of the maize you transport and which is the destination?

2.11. Do you use any other border other than Namanga when transporting maize?

2.12. If you use any other border, are the procedures any different from the ones you go through at the Namanga border?

2.13. On average, how much time do you normally spend at the border crossing point to clear with the customs officials?

2.14. Explain to me some of the circumstances that at times force you to use informal routes to transport maize across the border.

2.15. In your opinion, what can be done to improve the process of clearing maize at the border?

## **APPENDIX D**

### **INTERVIEW GUIDE FOR CUSTOMS OFFICIALS**

My name is Joshua Masinde, a Master’s student at the Institute for Development Studies, University of Nairobi. I am conducting a study on “The effect of customs procedures on cross border maize trade”. This study aims to fill the gap in existing literature on cross border trade by assessing the perceptions of traders and transporters on how customs procedures affect their participation in cross border maize trade. I am requesting a 45-minute interview to understand your experience with customs procedures in cross border maize trade. The findings of this study will be used in writing an MA project paper for academic purposes only. This study will inform future policy interventions aimed at improving cross border trade procedures. Information obtained from this interview will be treated confidentially. Thank you in advance.

#### **1. General Information**

1.2. Name of customs official: .....

1.3. Sex: Male: ..... Female: .....

1.4. Resident of: .....

1.5. Nationality: .....

#### **2. Specific questions**

2.1. For how long have you been enforcing customs procedures at the Namanga border post?

2.2. What is your experience like in clearing maize at the Namanga border post?

2.3 Which procedures must maize traders comply with before you clear them?

2.4. Which procedures do you find cumbersome to clear? Why?

2.5. Can you explain which procedures you find less cumbersome in cross border maize trade?

2.6. In your opinion and as per your experience, do you think different traders are in some cases subjected to different customs procedures? Why so?

2.7. What is the direction of maize trade at the Namanga border crossing point (for instance, maize supplies coming into Kenya from Tanzania or vice versa)?

2.8. Is the situation always like this (based on response to 2.7)?

2.9. Can you tell me about other routes you are familiar with that traders or transporters use perhaps to circumvent conforming to formal cross border procedures?

2.10. Which are these channels (based on response to 2.9)?

2.11. What do you think can be done to improve cross border maize trade?

## **APPENDIX E**

### **OBSERVATION GUIDE**

Some of the issues to be captured under observation include:

1. Movements of traders and transporters across the border.
2. The size of the cargo being carried by truck drivers or other transporters.
3. The means of transportation that the cross border traders use.
4. The different activities taking place at the border.
5. Informal routes around Namanga.

## **APPENDIX F**

### **Details of Plant Importation Permit issued by KEPHIS:**

1. Indication of where maize is produced/grown.
2. The consignment to be inspected on arrival and the importing authority reserves the right to treat, destroy or reject the importation.
3. Plants or plant parts must be entirely free from soil, chaff and/or leaf mold.
4. Each consignment shall be accompanied by an original copy of this import permit and Phytosanitary Certificate (International Model or its equivalent) from country of origin;

#### Additional Declarations:

- a. The maize to be clean, free from diseases and storage pests.
- b. The maize should have moisture content not exceeding 13.5 per cent.
- c. Genetic modification status must be declared and details stated on the phytosanitary certificate or on a certificate of analysis from a credible laboratory.

Failure to furnish the required certificates may result in prohibition of entry of the plant materials.

5. Packaging. The following materials must not be used: banana leaves, maize, sorghum, palm, wheat straw, soil or leaf mold. If any other plant residue is used as packaging material, the consignment must be accompanied by a certificate stating; all seeds, pathogens and insects have been killed before use of the material either by heating to 180 degrees Fahrenheit/83 degree Celsius for ten minutes or by chemical treatment (N.B:- Details to be stated on Phytosanitary certificate).

N.B: The importer must furnish the supplier with a copy of the import permit before plant material is dispatched.

The permit is valid for six months from date of issue, but may be cancelled at any time by the Director of Agriculture or by the officer issuing the permit on his behalf.

## APPENDIX G

### Extracts of Sections 29, 83 and 84 of the EAC Customs Management Act 2004

#### Section 29:

##### Arrival Overland

(1) A person in charge of any vehicle, whether or not such vehicle is conveying goods and whether or not such goods (if any) are dutiable, arriving overland at a frontier of the Partner States from a place outside the Partner States shall not, except where otherwise permitted by the proper officer, cause or allow the vehicle to enter the Partner States at any place other than at a port appointed under section 11, and shall before unloading or disposing of the vehicle or of any goods therein:

- (a) report his or her arrival to the officer stationed at the frontier port at which he or she entered the Partner State;
  - (b) furnish on the prescribed form such information as may be required concerning the vehicle or any such goods;
  - (c) make and subscribe a declaration as to the truth of all particulars contained in such form;
  - (d) fully and immediately answer all relevant questions put to him or her by the proper officer;
  - (e) produce all consignment notes or other relevant documents demanded of him or her by the proper officer;
  - (f) save make as otherwise provided in the Customs laws, due entry of the vehicle and of any such goods.
- (2) Vehicles or goods to which this section applies shall not be removed from the Customs area until after due entry thereof has been made or until permission for removal has been granted by the proper officer.
- (3) A person who contravenes this section commits an offence and any goods in respect of which such offence has been committed shall be liable to forfeiture.

#### Section 83:

##### Departure Overland

(1) A person in charge of a vehicle, departing overland from a Partner State shall not, whether or not such vehicle is conveying goods and whether or not such goods are dutiable, except where otherwise permitted by the proper officer, cause or allow the vehicle to depart from a Partner State at any place other than at a port appointed under section 11, and before departing shall:

- (a) report his or her intended departure to the officer stationed at the Custom house nearest to the point at which he or she proposes to cross the frontier;
  - (b) furnish on the prescribed form such information as may be required concerning the vehicle or any such goods;
  - (c) fully and immediately answer all relevant questions put to him or her by the proper officer;
  - (d) produce any consignment notes or other relevant documents demanded of him or her by the proper officer;
  - (e) save as otherwise provided in the Customs laws, make due entry of the vehicle and of any such goods.
- (2) Vehicles or goods to which this section applies shall not, except under and in accordance with the terms of any permission granted by the proper officer, be removed across the frontier until after due entry thereof has been made.

(3) A person who contravenes this section commits an offence and any goods in respect of which such offence has been committed shall be liable to forfeiture.

**Section 84:**

**Departure overland otherwise than by vehicle**

(1) A person departing overland from a Partner State shall, if he or she has any goods in his or her possession, before crossing the frontier:

(a) report his or her intended departure to the proper officer stationed at the Customs house nearest to the point at which he or she proposes to cross the frontier;

(b) furnish on the prescribed form such information as may be required concerning any such goods;

(c) fully and immediately answer all relevant questions put to him or her by the proper officer;

(d) produce all consignment notes or other relevant documents demanded of him or her by the proper officer;

(e) save as otherwise provided in Customs laws, make due entry of any such goods.

(2) The proper officer may stop and question any person, whether or not he or she has goods in his or her possession, appearing to be about to depart overland from a Partner State, and that person shall fully and immediately answer all such relevant questions concerning his or her movements and any goods in his or her possession as may be put to him or her.

(3) Goods to which this section applies shall not, except under and in accordance with the terms of any permission granted by the proper officer, be removed across the frontier until after entry of the goods has been made.

(4) The Commissioner may, subject to such conditions as may be specified, exempt any person or class of persons from the provisions of this section.

(5) A person who contravenes any of the provisions of this section commits an offence and any goods in respect of which such offence has been committed shall be liable to forfeiture.

## APPENDIX H

### East Africa Exchange Grading Standards for Maize

Parameters	Grade 1	Grade 2	Grade 3
Moisture content	13.5%	13.5%	13.5%
Insect damage	1%	3%	5%
Rotten, Diseased and Discoloured	2%	4%	5%
Foreign matter (including soil, sand and stones)	0.5%	1%	1.5%
Live infestation	None	None	None
Broken grain	2%	4%	6%
Immature/Shrivelled grain	1%	2%	3%
Total Defective Grains	4%	5%	7%

- Maize must be free from foreign odours, glass, coal, dung or metal.
- White maize = minimum of 98% white kernels.
- Yellow maize = minimum of 95 per cent of yellow kernels.
- Total Defective Grains include the sum of pest damage, immature/shrivelled and rotten diseased and discoloured grains.

### Maize Definitions

Maize	The shelled grains of <i>Zea mays</i>
Moisture content	The moisture content, expressed on a wet weight bases, as determined by using a moisture meter with a repeatability of +/-0.3 as indicated by the supplier.
Foreign matter	All organic and inorganic material (sand, stones and soil) other than maize, other grains, dung, metal, glass and coal including any plant matter of maize that is not kernels.
Broken kernel	Pieces of maize which shall pass through a 4.50 mm round whole metal sieve.
Pest damaged grains	Kernels with obvious weevil bored holes or which have evidence of boring or tunnelling, indicating the presence of insects, insect webbing or insect refuse, or degermed grains, chewed in one or more than one part of the kernel which exhibit evident of an attack by vermin.
Rotten, diseased and discoloured	It includes grains made unsafe for human consumption due to decay, molding, or bacterial decomposition, or other causes that may be noticed without having to cut the grains to examine them. It also includes kernels materially discoloured by excessive heat, including that caused by excessive respiration and dried damage kernels. Kernels may appear darkened, wrinkled, blistered, puffed or swollen often with discoloured damaged germs. The seed may be peeling or may peel off completely, giving

	kernels a checked appearance.
Immature/Shrivelled	Maize grains which are underdeveloped, thin and papery in appearance.
Other grains	Grains, whole or broken, other than maize.
Toxic seeds	<ul style="list-style-type: none"> <li>• Crotalaria seeds.</li> <li>• Castor beans (<i>Ricinus communis</i>).</li> <li>• Cookie burs (<i>Xanthium</i>).</li> </ul>
Objectionable odour	Unpleasant smell that is caused by weathering, chemical contamination, mold infection, disease or damage caused by insect.
Good natural colour	The natural appearance of the grain, which is pure and has not been affected by natural or man-made factors.

*Source: East Africa Community, 2013.*

**APPENDIX I**

**Sample Customs Clearance Document**

CUSTOMS  
Regulation 11 (1), 12(2), 20(1), 88 and 110

**CARGO MANIFEST**  
\*REPORT INWARD / OUTWARD OF VESSEL / AIRCRAFT / VEHICLE\*

Rotation No. 121NWA11649610715 Port of landing/departure/loading AMS country TZ  
 Date of landing/departure 8/07/2015 Nationality and Port of Registration TMA  
 Registration of vehicle KBH 2819 Port of Destination country ME  
 Agent's Name Amurtha PIN / TIN P0513151612

I declare that the particulars in the inwards Report are true to the best of my knowledge and belief, that the inward manifest consists of \_\_\_\_\_ pages and that I have not broken bulk or delivered any goods out of the vessel since departure from Amurtha

I declare that the outward manifest consisting of \_\_\_\_\_ pages contains a true account of all goods shipped and the particulars of the vessel / aircraft / vehicle and the cargo are correct to the best of my knowledge and belief.

Date of arrival \_\_\_\_\_ Master or Agent Amurtha  
 Date of departure \_\_\_\_\_ Master or Agent \_\_\_\_\_

Bill of landing/ Airway Bill/Freight Note No.	Marks And Nos.	Number and Description Of packages.	Description of goods.	Measurement and Or weight	Consignee/ Consignor	Destination	For Custom use
<u>C4 2015</u>	<u>As</u> <u>Had</u>	<u>100</u> <u>100</u> <u>100</u>	<u>MAIZE</u>		<u>MUSHI</u> <u>#80</u> <u>8 JUL 2015</u>		

Signed and declared this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_

*MUCH MORE CREDIT*  
Bdx 14-5-NARAI

Proper Officer

**Note:**  
 "the above noted cargo is hereby reported for discharge at.....(pla  
 Cargo remaining \*On board/in Transhipment/ for re-exportation is.....To  
 \*Delete whichever is inapplicable"

SINGLE ADMINISTRATIVE DOCUMENT (SAD) - SIMBA

1. Exporter /Consignor RAPHAEL MUHIRO MUSHI 8505 NAMANGA-TANZANIA		2. Processing Office NMA		3. Frontier office NMA		4. Regime code C4		FOR OFFICIAL USE Entry Number and Date 2015NMA 91180 02/07/2015	
		5. Voyage/Flight/Vehicle No.		6. Date of arrival/departure.		7. Manifest Number 111		8. AWB/BL/RCN No.	
		9. Country of Consignment TZ		10. Importer / Consignee VISION CEREALS AND MILLER 71775 00100 NAIROBI		11. Ctry of last Consign / 1 <sup>st</sup> Dest.		12. Country of final Destination	
		13. Port of Destination NMA		14. Place of discharge/Loading NMA /		15. Mode of transport Road		16. Nationality of Transport	
		17. Vehicle owner/Driver		18. Seal Number(s)		19. Country of Transit		20. Total Number of Items 1	
		21. Total Packages 10000		22. Total Gross Weight 900000		23. Declarant / Agent MUCH MORE CLEARING AND FORWARDING LIMITED NAIROBI CITY WEST Declarant Ref. No. 6495		24. Location of Goods	
		25. Warehouse code No Description		26. Period in W/hse/Transit		27. Valuation method ACV		28. Total F.O.B Value	
		29. Terms of Delivery 100		30. Terms of Payment		31. Account Number		32. Bank / Branch Reference	
		33. Bond Security Number N/A		34. Bond/Cash Amount 0		35. Total Freight		36. Total Insurance	
		37. Total Other Charges		38. Total Customs Value 9288000		39. Other information		40. (a) Shipping Marks & Nos./Container Nos. AS ADDR	
Item 01		(c) Commodity code 100590 00		(d) C.P.C 0404		(e) Gross Weight 900000		(f) Net Weight 900000	
(b) Goods Description DRY MAIZE		(g) 1 <sup>st</sup> Supp. Qty. 900000		(h) Units 1 <sup>st</sup> Supp Qty -g		(i) 2 <sup>nd</sup> Supp. Qty		(j) Units 2 <sup>nd</sup> Supp Qty	
		(k) Type of packaging BG		(l) No. Packages 10000		(m) Country of Origin/TZ TZ		(n) Preference code	
(o) License Number		(p) License Value / Qty		(q) Value/Qty Deducted		(r) FOB Value 18000000		(s) Insurance 2700000	
(u) Other Charges 0		(v) Currency Code TZS		(w) Exchange Rate 0.043		(x) CIF Value		(y) Customs Value 9288000	
41. REVENUE INFORMATION									
(aa) Tax Type		(bb) Tax Base. / Value		(cc) Rate		(dd) Tax Due		43. Attached documents 45a. Code 45b. Number	
I 120		Custom Value / 9288000		50%		0		44. Preceding Documents Ref.	
ii		/		/		/		/	
iii		/		/		/		/	
iv		/		/		/		/	
v		/		/		/		/	
46. SUMMARY TOTALS		ii 120		iii 0		iv 0		v 0	
This Page		0		0		0		47. Other Charges 47a. Code 47b. Amount	
Other Pages		0		0		0		0	
Totals		0		0		0		0	
48. Grand Totals (Duties, Taxes and Other charges)		0		(Net To Pay)		FOR OFFICIAL USE PROPER OFFICER		CASH /CHEQUE Amount Paid	
49. Declaration		I/we MUCH MORE CLEARING AND FORWARDING LIMITED AND the undersigned of (Company name)		Being the Agent/Principal of (Importer/Exporter) do hereby		00223 Passed On : 05/07/2015		Receipt Number and Date Cashier's Signature and Stamp	
declare that the information and particulars declared herein are true and complete.		Signature and Stamp.....		Place.....		Tel/Fax.....			

ate .....:08/07/15

REF: H/486/15 No. 215096



### KENYA PLANT HEALTH INSPECTORATE SERVICE

Oloolua Ridge, Karen • P.O. BOX 49592 - 00100 • TEL: 3536171/172, 3597201/2/3 • FAX: 254-020- 3536175 • E-mail director@kephis.org/kephisinfo@kephis.org • Web: www.kephis.org • Nairobi, Kenya

## KEPHIS INSPECTION CERTIFICATE

imported plant(s)/produce/product(s)/Regulated articles stated below have been inspected at the point of entry and found to be free from injurious pests/diseases/noxious weeds in accordance with the Plant Protection Act, Cap 324 and Noxious Weeds Cap325 of the laws of Kenya.

Name and Address of exporter Raphael Mwangi

P.O. BOX 8505 Moshi, Tanzania

Name and Address of importer Vision Cereals

P.O. BOX 71775, Nairobi, Kenya

Type of Plants/Produce/Product/Regulated Maize

Botanical Name Zea mays

Quantity 10 Tonnes

Country of origin Tanzania

Mode of Transport By Road

Registration KBH281Q

Document(s) Reference No.

Permit number 75765

Remarks/follow-up measures Inspected and passed

Point of Inspection Namanga

Destination Nairobi

Name of Plant Inspector K. Mwangi Signature

CC: Customs and Excise Department

**CERTIFICATE VALID FOR FIVE DAYS FROM THE DATE OF ISSUANCE**

NOTE: NO FINANCIAL LIABILITY WITH RESPECT TO THIS CERTIFICATE SHALL ATTACH TO KEPHIS

MINISTRY OF HEALTH



Namanga Border Health Office  
P.O.BOX 23,  
Namanga.  
Kenya.

Ref. PH/N/F

**RE: FOOD AND DRUGS CONTROL CLEARANCE CERTIFICATE**

I certify that I have inspected and passed as fit for human consumption.

100 bags of dry maize

In respect to Vision cereals

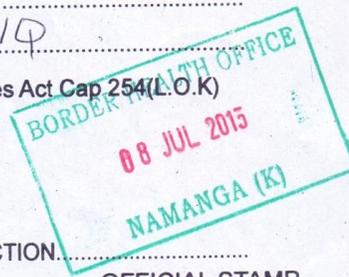
The consignment is on Vehicle Reg. No. KR 16 2810

This is accordance with the Food, Drug & Chemical Substances Act Cap 254(L.O.K)

*[Signature]*

**PUBLIC HEALTH OFFICER  
NAMANGA KENYA**

DATE OF INSPECTION.....



OFFICIAL STAMP



**KAJIADO COUNTY GOVERNMENT  
MISCELLANEOUS INCOME**

No. Ab 215791

Date 7/7/2015

Received from T295 ACE

of Namanga Block

the sum of Shs One Thousand only

on account Transit fee

Shs. 1000 Cts. 00

Allocation

A/c No. Shs.

A/c No. Shs.

A/c No. Shs.



*[Signature]*

for: Kajiado County Government

REPUBLIC OF KENYA  
 MINISTRY OF HEALTH **G** ORIGINAL  
 HEALTH CARE SERVICES FUND 8926997

Date: 8/7/15

FACILITY NAME: Namanga H Office  
 RECEIVED FROM: Vision Care S.S.

Service	QTY	AMOUNT
Pharmacy		
X-Ray		
Laboratory		
In-patient		
Other (Specify) insp dry lens	12	12000
TOTAL		12,000

BORDER RELEASE SERVICE  
 NAMANGA (K)

Amount in Words: TWELVE THOUSAND SHILLINGS ONLY  
 Signature of Receiving Officer: [Signature]