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INSTITUTE OF DIPLOMACY AND INTERNATIONAL STUDIES

**EFFECT OF ONE STOP BORDER POST ON TRADE
FACILITATION AT THE LUNGA LUNGA-HORO HORO 2015-2020**

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2020

DECLARATION

I declare that this research proposal is my original work and has not been presented to any other university for an academic award.

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Date

This research project has been submitted for examination with my approval as university supervisor

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DATE

DEDICATION

This work is dedicated to my beloved mum, aunt and siblings for their invaluable support, encouragement and prayers during my academic engagement. My dear husband, I thank you for “the push” in this long academic journey; and all the hours caring for our beloved children, while I traveled to Nairobi for studies. My treasured children, you are my life; thank you for bearing with my absence with grown up understanding, that mommy has to go see her “teacher.” You all inspire me; my achievements are all yours. God bless you.

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LIST OF ACRONYMS

ASYCUDA++	Automated Systems for Custom Data
CBM	Coordinated Border Management
EASSI	Eastern African Sub-regional Support Initiative
GATT	General Agreement on Tariffs and Trade
KRA	Kenya Revenue Authority
ICMS	Integrated Customs Management System
ICT	Information and Communication Technology
NTBs	Non-Tariff Barriers
OSBP	One Stop Border Post
RKC	Revised Kyoto Convention
SCT	Single Customs Territory
TFA	Trade Free Area
TFI	Trade Facilitation Indicators

ABSTRACT

Exchange of goods and services has been a common goal worldwide, as the world becomes a global village separated by common borders. Due to changing global environment various organizations have engaged into international and cross border trades. The East African community is one of the organizations which were created for the purpose of cross border trades with its members. This led to creation of ones stop borders points like Busia, Namanga, Isebania, Malaba and many others. The study sought to determine the effect of One Stop Border Posts on Trade Facilitation at the Lunga Lunga- Horo Horo border crossing. The research study was based three specific objectives which were; to assess the effect of system integration, to evaluate the effect of shared infrastructure on trade facilitation at One Stop Border Post in the Lunga Lunga- Horo Horo and then to establish the effect of inter-agency cooperation. The research study was underpinned by the following theories; theory of change, diffusion of innovation and planned behavior theory. The research study adopted a cross-sectional descriptive survey design. The population consisted of government officials, traders and transporters based at the border. The sample size was 400 respondents determined using the Slovin's formula. The data collection instrument adopted for this study was the questionnaire. The questionnaires were self-administered and analysed using the Statistical Package for Social Sciences (SPSS version 25) and presented using tables. The findings revealed that systems integration, shared infrastructure and inter-agency co-operation at the OSBP all had a positive effect on trade facilitation.

CHAPTER ONE

INTRODUCTION OF THE STUDY

1.1 Background Information of the Study

The concept of Trade facilitation among trading partners has become increasingly important due to growth in trade being witnessed across continents. In order to ease trade amongst countries many countries have undertaken to promote measures that facilitate trade; whose main aim is to eliminate non-tariff barriers and other bureaucracies in the clearance of goods and people across nations. In the East African region such trade facilitation issues are prevalent and several measures under the auspices of global organizations, regional governments as well as the East African Community among other institutions to facilitate trade. Such measures include the elimination of bureaucracies by automating manual processes, adoption of the One Stop Border Stop across borders to enable faster processing and clearance of goods among others.¹

These measures and trade facilitation practices are aimed at providing enough chances for East African countries to be in a position of doing business internationally on competitive bases. In the EAC region there are countries which are landlocked and therefore, they experience lots of challenges emanating from trade facilitation issues, hence they suffer from high cost of goods and doing business.² Trade barriers imposed by international borders are the main culprits for high costs of doing business resulting from long queues and red tape from several government officials. It is worth noting that these incidences do

¹The World Trade Organization (2005). Border Agency Cooperation. Customs border cooperation between Norway, Sweden and Finland. A Contribution from Norway.

²Garcia, C. (2004). All the Other Dirty Little Secrets: Investment Treaties, Latin America and the Necessary Evil of Investor-State Arbitration 16 Fla JInt'l L 301

not work in isolation but might also be associated with the given countries as a result of differences in language, culture or legal systems.

Management of various international borders is currently a difficult task as very many state agencies that do manage movement of people and commodities across international borders are responsible for collection of government revenue , Customs administration, Standards , health , plant health other agencies present. This is because there are those who work in specific areas such as food safety, immigration, agriculture, policing, health and standards of goods³. Large percentage of border delays in most of the East African borders are caused by poor trade facilitation and very poor means of transport and communication. It's these states of entire African roads and communication that makes the whole transport system to be more expensive as compared to that of the other regions such as American and Asian countries. The impact of this phenomenon does negatively affect the competitiveness of the goods from the African continent to that of the other developed markets.

In many African countries, realization of the advantages of operating in free restriction environment has been realized and therefore many of the African countries have integrated into various organizations and thereby, calling for less restrictive borders. This has been initiated by many countries through implementation of One Stop Border Post strategies. These strategies are some of the measures of ensuring that the movement of goods and services is really improved in the borders⁴. In the formation of regional unions, then the

³Ibid p. 246

⁴ Kieck, E. (2010). Coordinated Border Management: Unlocking Trade Opportunities through One Stop Border post. World Customs Journal, 4(1).

countries set custom unions which were regarded as very important to the community as they aided in increment of production process, promotion cross border trade, domestic trade as well as foreign investment, integrating into very beneficial trade among member countries and entire improvement in industrial sectors⁵. This study focused on the effect of One Stop Border Post on Trade Facilitation the case study of Lunga Lunga-Horo Horo border crossing.

1.1.1 The Concept of One Border Posts

The notion of the 'border' is central to the concept of statehood and state sovereignty. The state is demarcated by border and therefore defines the zone in which exercises jurisdiction which includes development, application and enforcement of the law. The states are therefore defined by the border in terms of its legal and geographical terms. For effective economic and social development of a given country, the borders needed to operate smoothly. The security of the people's nation is determined by the protection of its borders. For the development of any country then its borders must be of great significant. This concept plays a great role in sharing of infrastructure including of offices for Customs and Partner Government Agencies (PGAs), sharing of information and conducting joint patrols across the frontiers that are usually porous and conduits for smuggling of contraband. Another characteristic of the concept is the interconnectivity of systems which help in expediting transactions. The concept of OSBPs has its merits in that in the long run it is envisioned that resources will be expended efficiently administrations to better utilize

⁵ Kenya, „Investment Programme for the Economic Recovery Strategy for Wealth and Employment Creation 2003-2007“ (Poverty Reduction Papers IMF Country Report No. 05/11, 2005)

personnel and resources. Cooperation between nations increases trust which in turn enhances regional security.

1.1.2 Trade Facilitation

The concept of trade facilitation refers to the elimination or removal of trade restrictions and or avoidance of the same. Other scholars refer to it as the action of simplifying clearance of goods procedures at the border stations. Trade Facilitation is also characterized by availing of required information by the relevant border agencies so as to make clearance of goods and border crossing more predictable and cost effective.

International trade has greatly been hampered by poor trade facilitation in many jurisdictions resulting in high cost of goods and services. Most often international trade is greatly bedeviled by inefficiencies and bureaucracy by government agencies at the borders. For trade facilitation to be achieved governments have a big role to play by providing the necessary legal framework, infrastructure, commitment, goodwill and also ratify the various instruments that support trade facilitation. Scholars have established that there is a positive relationship between welfare of nations and trade facilitation therefore countries must endeavor to facilitate trade for their own economic growth and development. The problem of trade facilitation is not confined to specific countries or continent, it is a global phenomenon that has become an important concern with the international community including organizations such as the World Bank, International Monetary Fund, World Trade Organization, World Customs Organization, UNECE, UNCTAD, EU, among others. It has been a subject of discussion for decades and finally culminated in the World Trade

Organization (formerly GATT) Trade Facilitation Agreement. The TFA was operationalized in 2017 and the WTO members who have ratified it are expected to facilitate movement of goods including transit in a speedy manner, enhance cooperation with members in regards to trade facilitation issues and finally assist developing countries to implement the agreement. Upon ratification all member countries are required to set up a National Trade Facilitation Committee. For developed countries they are also required to implement all the provisions of the TFA.

Developing and Less Developed countries were required to fully implement all the provisions within a six-year period. The work towards the TFA was spearheaded by the World Customs Organization's Revised Kyoto Protocol (RKC). In fact, most of the provisions have been adopted from the RKC. Still in on matters trade facilitation in Africa, the African Union Commission established the Continental Free Trade Area (CFTA) to encourage intra African trade and establishing single continental market of 55 countries and a population of 1.2 billion people second only to the World Trade Organization. The main objective of the Africa Continental Free Trade area to create a single market with free movement of goods, services, people, ideas and investments which is what the concept of trade facilitation seeks to achieve. The AfCFTA is expected to be operationalized in the year 2020. Many scholars have attributed economic advancement of countries to opportunities such as this. Other regional blocs that foster trade facilitation is Southern African Development Community (SADC), Common Market for East and Southern African States (COMESA), Economic community of West African States (ECOWAS) and the East African Community(EAC). In more recent times Tripartite Free Trade Area

(TFTA) between the EAC, COMESA & SADC has been signed. The TFTA oversees 28 member countries that overlap between the three trading blocs. For example, Kenya is a member of the EAC and COMESA while Tanzania is a member of EAC and SADC. With regards to trade facilitation the TFTA calls for harmonization and simplification of customs procedures among member countries including removal of Non-Tariff Barriers (NTBs) that inhibit growth of trade.

1.1.3 Lunga Lunga-Horo Horo OSBP

There are about 12 One Stop Border Posts in East Africa, constructed and commissioned to enhance trade within the region and reduce costs of doing business. One of these OSBPs is the Lunga Lunga-Horo Horo border crossing between Kenya and Tanzania. The OSBP was completed and operationalized in 2015. The border crossing is very important as it links the Central corridor and the Northern Corridors. These two corridors link the East African coastline to the landlocked countries in Central and Southern Africa. This OSBP was necessitated because of the increase in trade in the greater Eastern, Southern and Central region of Africa. The Tanzanian side of this border crossing is known as Horo Horo and is located in Mkinga district of Tanzania. The Kenyan side is located in Kwale County. Before commissioning of the OSBP it was envisioned that clearance time of cargo would dramatically reduce by 40%. Initially the border crossing used a conventional two stops when clearing cargo, passengers and vehicles. Currently the model adopted for the Lunga Lunga OSBP is one that has all processes consolidated and cargo examination is jointly done.

1.2 Statement of the Problem

In the process implementing a strategy there are many challenges and a lot of time-consumed than managing an existing one and therefore many countries have been having problems and therefore they end up failing to establish the planned idea.⁶ Organizations seeking success at strategy implementation stage must thus have a supportive culture, an effective structure as well as proper budgets and information systems. Scanning external environments thoroughly, carefully allocating resources and committed employees are important inputs of this stage. Initially before the erection of the OSBP at Lunga Lunga-Horo Horo border crossing the border station had been bedeviled with various incidences of cross border crimes, bureaucratic procedures of state agencies, delays in processing document and clearance of goods and other challenges such as corruption, porosity, incompetent employees, and delays in person and cargo clearance time, poor storage for goods, working environment for employees and loss of revenue⁷.

This is said to emanate from various corruptions deals that do exist in various border posts as some evade from paying import duties, using fake declarations of goods at the borders as well as using of fake documents during clearance⁸. Actually, this strategy of using OSBP may be seen as a very new concept has been implemented in order to address traditional problems which acted as a barrier to international trade. There have been calls for expansion of the border post to cater for more efficient implementation of the project. The commissioning of the OSBP at Lunga Lunga-Horo Horo was envisioned to stimulate trade,

⁶Kieck, op.cit., p. 120

⁷ World Bank, Doing Business Report 2011 (Washington, 2010)

⁸Ibid., p. 54

improved revenue collection, enhanced border security across Kenya and the great lakes region and this has partly achieved because the region continues to suffer from increase in terrorist activities and cross-border crimes across the Lunga Lunga-Horo Horo border crossing. However some stakeholders including border agencies and traders have lauded the establishment of the OSPB, this study is motivated by the mixed reactions on the effect of the OSBP on the intended benefits to the users which include trade facilitation.

A study was conducted at Kasumbalesa border found in Zambia which based on custom facilitation in trade and the same impacts were as that of Kenya's borders. There was also another study conducted in South Africa in order to determine impacts of these OSBPs on development of trade facilitation. Another study was done to establish factors influencing establishment of OSBPs strategies at the Busia border which gave answers to the assessment and doubt of trade facilitation at the EAC region borders⁹. Few studies have been conducted in Lunga Lunga – Horo Horo Border crossing to determine the whether the OSBP has an impact on trade facilitation, therefore sought research study sought to determine the effect of systems integration, infrastructural improvement and inter-agency cooperation on trade facilitation between Kenya and her neighbor borders.

1.3 General Objective

The general objective of the study was to assess the effect of one stop border posts on trade facilitation at the Lunga Lunga-Horo Horo Border post.

⁹ Ogutu, C. (2010), Unrecorded Cross-Border Trade between Kenya and Uganda: Implications for Food Security. Technical Paper No. 59, Bureau for Africa, USAID, Washington, DC.

1.3.1 Specific Objectives

- i. To determine the effect of systems integration on trade facilitation at the Lunga Lunga Border Post.
- ii. To evaluate the effect of infrastructure on trade facilitation at the Lunga Lunga Border Post.
- iii. To establish the effect of inter-agency co-operation on trade facilitation at the Lunga Lunga Border Post.

1.4 Research Questions

- i. What is the effect of systems integration on trade facilitation at the Lunga Lunga Border Post?
- ii. What is the effect of infrastructure on trade facilitation at the Lunga Lunga Border Post?
- iii. What is the effect of inter-agency co-operation on trade facilitation at the Lunga Lunga Border Post?

1.6 Significance of the Study

The study has let development of various theories in management acts as a foundation of academic enrichment on strategic implementation practices by public sector organizations. It solves most of the challenges recognized during trade facilitation for various organizations. Policy makers in the Kenyan government, EAC as well as its partner states

will be in a position of getting important information from the findings of this research¹⁰. There are still those stakeholders and government agencies such revenue collection authorities and therefore will use this information on their advantage basis as they can see the challenges they face in trade facilitation. Further, rich materials for further studies will be drawn from the study results by various scholars. All the researches looking into OSBP strategy establishment will have a source of secondary data from this study.

1.7 Literature Review

1.7.1 Introduction

The literature review of this study is based on the objects of the study. The study analyses the resource based theory as the main theory of the study. It goes on and analyses theory of change, the concept of innovation, cooperation of various stakeholders, theory of planned behavior and strategy implementation practices.

1.7.2 Theory of Change

In this theory of change, a critical analysis of how OSBP changes is analyzed. One Stop Border Post has got a strong impacts on many households and therefore make it better in terms of taking care for its users. There are also informal traders who participate in the longer distance, cross border trades including international trade. Easing the costs of crossing a border creates many opportunities like trade and employment among the citizens. According to a 2012 study done, it was found that many problems will be solved if conditions in the cross borders are changed. EASSI study found that many problems

¹⁰ Ogotu, C. (2010), Unrecorded Cross-Border Trade between Kenya and Uganda: Implications for Food Security. Technical Paper No. 59, Bureau for Africa, USAID, Washington, DC.

associated with border crossing normally affect possible opportunities for income, increasing cost of doing business as well as affecting livelihood negatively¹¹. In the case relating to the both long and short-term effects of poverty of new bridge on the Mekong river, war and other authors found that infrastructural developments reduces the costs of interregional trade hugely¹².

This is because it increases the volume of cross border trade as well as consumption. The long term effects were significant in the sense that workers could use more in production. In another recent research, it was found that vulnerable groups using cross borders post would benefit financially. According to a World Bank study, ethnic regions have been created with a single commodity on both sides of the adjoined countries. According to Masinjila, the current condition of the OSBP should be changes through increased investments in infrastructure and operating machines to enhance harmonization of activities in the border post¹³.

1.7.3 Diffusion of Innovation Theory

According to Rogers, this theory refers to the entire process by which communication pertaining to innovation is done through various mechanisms over a given period of time among the members of social systems. The messages are usually accompanied by variety

¹¹ EASSI (Eastern African Sub-regional Support Initiative for the Advancement of Women) (2012) 'Women Informal Cross Border Traders: Opportunities and Challenges in the East African Community'. Nairobi: EASSI

¹² Warr, P., Menon, J. and Yusuf, A.A. (2010) 'Regional Economic Impacts of Large Projects: A General Equilibrium Application to Cross-Border Infrastructure'. *Asian Development Review* 27(1): 104-134.

¹³ Masinjila, M. (2009) 'Gender Dimensions of Cross Border Trade in the East African Community-Kenya/Uganda and Rwanda/Burundi Border'. *Work in Progress* 7. Addis Ababa: African Trade Policy Centre, Economic Commission for Africa

of new ideas if the communication is done in the right way¹⁴. It is found that when technological ability of innovative activities is made productive, the technology diffusion becomes an indispensable process. There is therefore a clear relationship between economic environment and the pace of diffusion as various characteristics of the economic environment may affect pace of diffusion and vice versa.

Rogers came up with some measurement of perceived characteristics of innovation to explain the rate of adoption of innovation. The characteristics that are measured include; complexity of the innovation, observability, trainability and relative advantage compatibility. According to Rogers, for any innovation to be successful, it must be influenced by those five characteristics which help to explain the degree of technological adoption. Complexity is the extent to which an innovation can be considered relatively difficult to understand and use¹⁵. It was also found that the degree of complexity negatively influences the adoption of internet usage which can be termed as the opposite of ease of use. According to another scientist, Lin argues that in adoption of new technology, there must be a strong evidence in terms of the perceived ease of usage. For example, many banks worldwide have engaged in campaigns towards promotion of mobile banking services, and many of the users have found that it's easy to use, demonstrating that such innovations have positive impacts¹⁶.

¹⁴ Rogers, E.M. (1995) Diffusion of Innovations. 4th Edition, the Free Press, New York

¹⁵ Cheung KH, et al. (2000) Graphically-enabled integration of bioinformatics tools allowing parallel execution. Proc AMIA Symp 141-5

¹⁶ Leeuwis, L., Van Mierlo, B., Smits, R., & Wolthuis, R. K. (2010): Learning towards system innovation: Evaluating a systemic instrument, in: Technological Forecasting and Social Change, 77(2), 318-334.

It is argued that the extent to which an innovation is visible to the members of the social system, is determined by the extent to which benefits can easily be observed and communicated¹⁷. According to Moore and Benbasat, the key factors are visibility and demonstrability of the results of the innovation. For example in the case of the current use of mobile banking services, easily show the rate of the improved access to the services at any time and from any location without any network delays as well as the positive effects of the transaction. This theory of Diffusion of Innovation is among the oldest theories in the field of social sciences which originated from communication to explain how in the long run, an idea or product gains momentum and spreads out through the social system. People do adopt new ideas, product and even behavior through diffusion of communication. The word adoption simply means things are currently done differently as compared to how they were been done previously. The key to adoption is that the person must perceive the idea, behavior, or product as new or innovative. It is through this that diffusion is possible. For example in mobile banking services the diffusion and later adoption of the financial service does not come immediately in a social systems as some people adopt the innovation quickly and easier than others. This might be as a result of level of education or attitudes towards the innovation.

There are differences in characteristics for people who adopt an innovation early and those who adopt innovation later from the evident of various studies. This is important and can be put into consideration when doing promoting of an innovation to a target population their characteristics must be well known¹⁸. Also various studies have associated poor

¹⁷ Rogers, E. M. (2003). Diffusion of innovations (5th ed.). New York: Free Press.

¹⁸Ibid., p 132

strategy in the establishment of some firms, with low financial performance. The major reason for this has been seen in the fact that over performers presumably has a great interest in ‘conserving’ their level of strategy implementation consistency¹⁹.

1.7.4 Theory of Planned Behaviour

This theory was first developed by Ajzen and therefore it analyzes link between behavior and beliefs. The theory was introduced in a way of improving on the predictive power of the theory of reasoned actions while on the same time including perceived behavioral control²⁰ and has been used as one of the best predictive persuasion theories. The theory has successfully been used in attitudes, behavioral intentions, beliefs and behaviors in various fields such as healthcare, public relation, advertising goods and services. Individual’s behavioral intentions and behaviors are shaped by attitude towards behavior, subjective norms and perceived behavioral control. In accordance with the research topic this theory was to explain effect of capacity of the personnel on the establishment of OSBP strategy²¹. As seen that all the steps that are taken would predict how the capacity of the personnel affect establishment of One Stop Border Post strategy at Busia, Namanga, Taveta/Holiliand Malaba border posts.

1.8 Hypotheses

- i. Systems integration as an element of OSBPs has a significant effect on trade facilitation at the Lunga Lunga Border Post

¹⁹ Huynh, N. D. (2013). Job rotation, corruption, and tax administration in the developing countries, 2-10.

²⁰ Ajzen, I. (1985). From intentions to actions: A theory of planned behavior. In J. Kuhi & J. Beckmann (Eds.), *Actionócontrol: From cognition to behavior* (pp. 11639). Heidelberg: Springer

²¹ Bagozzi, R. P. (1981). Attitudes, intentions, and behavior: A test of some key hypotheses.

- ii. The shared infrastructure at the OSBPs has significant effect on trade facilitation at the Lunga Lunga Border Post
- iii. Inter-agency co-operation between the two countries of Kenya and Tanzania has a significant effect on trade facilitation at the Lunga Lunga Border Post

1.9 Research Methodology

In the methodology part various ways and techniques used during the is discussed in this section, highlighting the research design, how data was collected and analyzed.

1.9.1 Research Design

Descriptive research design was used in the study. It is widely used as a scientific method of investigation which entails collection and analyzing of both quantitative and qualitative data. The method helps the researcher to organize and summary data in an effective and efficient way²². Descriptive study according to Cooper and Schindler is mostly concerned with finding of what, where and how a phenomenon affects another²³.

1.9.2 Population

Population of a study is the total collection of elements that a researcher wishes to make inferences upon. Scholars like Osebe define population as a given group which has observable characteristics that are distinguishable from others. The target population of

²² Mugenda O.M, Mugenda A.G (1999). Research Methods: Quantitative and Qualitative Approaches. Nairobi: Acts Press

²³ Mintzberg, H. and Quinn I.B. (1991). The Strategy Process Concepts, Contexts and Cases 2nd Edition, Englewood Cliffs, New Jersey: Prentice Hall Inc.

this study consisted of all the officers working for government agencies at the Lunga Lunga- Horo Horo border crossing, clearing agents, transporters and cross border traders. Government agencies were chosen because both governments of Kenya and Tanzania have ratified the World Trade Organization Trade Facilitation Agreement. They are therefore committed to simplify procedures, harmonize processes and implement coordinated border management initiatives such as the One Stop Border Posts. Specific government agencies are required to implement various specific provisions related to the trade facilitation and therefore relevant for this study.

The other groups consisting of transporters and cross border traders are the users of the OSBP are therefore the most affected group in terms of the impact of the OSBP on their activities.

Table 1.1 Target Population

Government Agencies	103
Cross Border Traders	4566
Transporters	1060
Total	5729

Source: Border Management Committee report (2020)

1.9.3 Sample Size and Sampling Technique

Sampling is the process of selecting individual members from the population for the purpose of making inferences about the population in which they are drawn from. When sampling, it is imperative that the researcher selects a sample that contains the characteristics of the entire population for it to be representative and therefore a good

predictor. Since populations range from finite to infinite sampling reduces the costs and time associated with studying populations. This study derived the sample size using the Slovin's formula as follows

$$n = N/(1 + Ne^2)$$

Where:

n is the sample size

N is the population

e is the margin of error

The sample size will therefore be calculated as

$$n = 5749/(1 + 5749 \times 0.05^2) = 400$$

After deriving the sample, the study employed the stratified sampling technique. This technique was used because the population contained different characteristics that were fitted into different strata as shown in the table below.

Table 1.2: Sample Size

Government Agencies	8
Cross Border Traders	319
Transporters	74
Total	400

1.9.4 Data Collection

The researcher used both primary and secondary data. Primary data was collected using questionnaires as the main data collection instrument. There are three types of questionnaires structured, unstructured and semi structured. Structured questionnaires are those that contain close ended questions, unstructured are those that contain open ended questions while semi structured questionnaires are those that contain both open and close

ended questions. This research study adopted structured questionnaires as they gave the researcher comprehensive data on a wide range of factors. There was greater uniformity in the way questions are asked, thereby ensuring greater compatibility in the responses. Using of questionnaires tends to be advantageous in terms of cost and time taken during conducting of the research. A 5-point Likert scale ranging from 1 to 5 was used which was formulated into statement like questions. Its proved that Likert type format is most preferred as the format yields equal - interval data, a fact that allows for the use of more powerful statistical to be used to test hypotheses²⁴.

1.9.5 Data Collection Procedure

The researcher who had questionnaires to collect the data had a letter from the institution that was first presented to the National Commission for Science for the authorization of the research. The heads of the various government agencies and boards of management of the involved organizations were notified two weeks before the data collection exercise. Also, the researcher hired two research assistants. The experienced assistants aided in the administration of the questionnaires. Questionnaires helped the researcher in obtaining primary data.

1.9.6 Data Analysis

The collected data was analyzed both descriptively and inferentially and presented using charts and tables. The Statistical Package for social sciences (SPSS) version 25 was used to code and analyze the data.

²⁴ Bell, Emma, Alan Bryman, and Bill Harley. *Business research methods*. Oxford university press, 2018.

1.10 Scope of the Research

The study of trade facilitation is complicated, especially when dealing with the trade across the borders. Some of the respondents could not give accurate answers as they were worried about the intentions of the researcher. The tax departments could not give some types of information as they feared that the information could be used against them in their respective government hence end up losing their job. Some of the respondents especially from Namanga and Busia borders feared as they were operating illegally without the right documents even though they were found trading in the borders. To counter this anonymity was the best strategy for getting information.

1.11 Chapter Outline

Chapter One encompasses the background of the study, the research problem, research objectives, research questions, literature review, the theoretical framework, justification of the study, the hypotheses and the methodology of the study.

Chapter Two provides a critical overview One Stop Border Posts in globally, regionally and in Kenya. Operations at the Lunga Lunga – Horo Horo border crossing shall also be critically reviewed.

Chapter Three provides a critical review of trade facilitation globally, regionally and in Kenya

Chapters four examines all the impacts of the trade facilitation efforts where a special focus of one border was looked at.

Chapter five conclusions: In this chapter the research concluded, giving recommendations made and final analogies of the research was drawn from.

CHAPTER TWO

ONE STOP BORDER POSTS

2.1 Introduction

Chapter two introduces and critically reviews the evolution of the concept of OSBPs and the rationale for the same.

2.2 The Concept of OSBPs

Many studies tended to imply that growth in commercial activity across the world is mainly bedeviled by the time spent at the seaports, land borders, airports, checkpoints, peripheral customs facilities among others. This is mainly due to collection of duties and taxes as well as compliance checks by various government agencies ranging from Customs, Port Health, Standards, Anti-counterfeit, Police, local authorities, Plant Health, Flora and Fauna control among others. Due to all these incidences of red tapes and bureaucracy, trade facilitation is greatly hampered leading to high cost of doing business.

In order to address these issues most RECs through different donors have initiated various projects to bring reforms aimed at easing the problem. The World Customs Organization has in the past initiated the concept known as Coordinated Border Management to try to resolve such Non-Tariff Barriers (NTBs). The ideal intentions of CBM approach is believed to result in enhanced customer experience, reduced costs, improved infrastructure, elimination of red tape and bureaucratic procedures, improve coordination and trust among border agencies, enhanced national security, faster clearance and turnaround times and ultimately improved economic growth and development.

Coordinated Border Management (CBM) generally refers to the coordination and supervision of border agency activities so as to facilitate legitimate trade while at the same ensuring that the borders and supply chain are secure. Other international bodies like the European Union refer to the same concept as Integrated Border Management which is defined as the enhancement of concerted border management co-operation of various stakeholders (intra-institutional, inter-institutional and international) to facilitate the movement of goods, people and vehicles across borders. Other institutions such as the World refer to the same concept as Collaborative Border Management. CBM initiatives include establishment of One Stop Border Posts, Joint risk management initiatives, the electronic single window system among other things. This study aims at determining the effect of One Stop Border Posts.

One Stop Border Posts are believed to have originated in Western Europe around early 1960s where joint controls between countries were being applied. Other OSBPs exist in Southern Africa, East African Community, The Common Market of the South (Mercosur) Cone countries, the Andean community in South America is also implementing single controls at all their major crossings.

There is no single definition of One Stop Border Post (OSBP) however in a nutshell it refers to the facilities, the legal and institutional framework, the clearance procedures and other related regulatory frameworks that enable movement of goods, passengers and

vehicles to a single clearance point. This is unlike the previous traditional two stop clearance system that caused delays and increased costs of doing business.

2.2.1 Systems Integration

Integration of clearance systems at the borders has been hailed as one of the prerequisites of successful implementation of One Stop Border Posts. It is a key element OSBPs and the extent of application heavily determines the impact of the same on trade facilitation. Interconnectivity of border agencies systems through the auspices of the Single Window System is one such aspect of systems integration. The other form of systems integration is through the Single Customs Territory concept where countries systems are interconnected for faster clearance of goods²⁵.

Systems integration especially the single window system is a global trend with countries of the European Union, Asia Pacific Economic Cooperation, and Association of South East Asian Nations (ASEAN) implementing the same. The Kenyan Government initiated the Kenya National Windows System (KNEWS) under a semi-autonomous agency Ken Trade to spearhead this initiative. Various studies have shown that there is positive significant relationship between automation of processes and integration of systems and performance. On the Kenyan front the KNEWS project was tasked with rolling out 24 modules, streamlining and automating 84 processes as well as providing connectivity to 30 government agencies²⁶. By 2018 one year after implementation tremendous success had

²⁵ Kraemer and Dedrick. Information Technology and Economic importance a critical review of empirical evidence. New York. ACM Digital Library 2010.

²⁶ International Finance Corporation. Impact evaluation of the Kenya National Electronic Single Window. World Bank Group, 2018.

been reported with over 30 agencies interconnected through the Ken trade system. The implementation of KNEWS in Kenya has improved connectivity, processes and procedures, reduced processing time of import documents, reduced costs up to the tune of 93 million Kenya Shillings and also improved revenue collections which are indicators of trade facilitation²⁷. The Kenyan Revenue Authority, the lead border agency, has put in place a clearance system known as Simba 2005 that is now gradually being replaced by the Integrated Customs Management System (ICMS) which is expected to integrate with the KNEWS.

In Tanzania, the Tanzania Single Window System at the Dar Es Salaam Port while the Customs Authority introduced a system known as Tanzania Customs Integrated System (TANCIS) which has replaced Automated System for Customs data (ASYCUDA++). This system has all the characteristics of a single window system as it links all stakeholders in the clearance process including banks. A study conducted in Tanzania to link perceived use, optimism bias as the independent variables and Information system success, the research study found a significant positive relationship between those variables and Information System Success²⁸.

On the regional front, the East Africa Community (EAC) introduced the Single Customs Territory (SCT) where partner states' systems were integrated. Uganda and Rwanda previously using ASYCUDA ++ migrated to a new system ASYCUDA World and were

²⁷ Sichilima Mupelwa & Akinyi Gikonyo. Opening opportunities Kenya's Electronic Single Window connects East Africa to Global Value chains. International Finance Corporation 2017

²⁸ Sichone. (2019). Information system success in Tanzania Customs operations. 2019

the first countries to integrate with Kenyan System Manifest Management System. Studies conducted in Tanzania on the impact of the SCT on Tanzania Exports into the EAC region noted that challenges still persist and benefits are not being felt²⁹. Another study in Uganda revealed increased revenues for government but reduced working capital especially for Oil Marketing Companies (OMCs)³⁰. In Rwanda it was held that the East African Community Single Customs Territory was positively linked to trade facilitation³¹.

2.2.2 Shared Infrastructure

The concept of OSBPs is characterized by facilities which have been built according to depending on the model adopted, that combines the traditional two border stops into one as well as consolidating and housing all border control procedures into a shared space for both nations.³²

2.2.3 Inter-agency Co-operation

This is an activity or an element One Stop Border Posts where different border agencies or fully fledged government departments work together with the overall goal of improving relations, sharing information, trust and reduce duplication in order to facilitate movement of goods vehicles and passengers across borders.³³

²⁹Kamau, Anne, and Maureen Odongo. Impact Of A Single Customs Territory In The East African Community On Tanzania's Exports, WIDER Working Paper 2020/113 Helsinki: UNU-WIDER, 2020.

³⁰ Sepiranza Nabatanzi. Assessing the impact of the Single Customs Territory (SCT) on the performance of Don Uganda Ltd. Unpublished Master's thesis Makerere University, 2015.

³¹ Jean Paul Mpakaniye. Effect of EAC Single Customs Territory on trade facilitation in Rwanda, 2017.

³² Kieck E. Coordinated border management: unlocking trade opportunities through one stop border posts. World Customs Journal, 2014.

³³ Shayanowako P. Study into the cooperation of border management agencies in Zimbabwe. Stellenbosch: Trade Law centre, 2013.

Inter-agency cooperation also known as multi-agency cooperation may take the form of collaborative information sharing, joint risk management initiatives, collaborative verification, and border management committees among others. Under information sharing and risk management border agencies may develop risk profiles to deter illegal activities. Border agencies can leverage on each other's strengths to improve their performance.

One of the biggest challenges usually witnessed at border crossings is the time it takes to verify cargo under the two stop model by various border agencies on either side of the border. Collaborative verification brings together all agencies both local and international to examine documents, cargo and passengers to ensure compliance with Customs law and other laws of the land³⁴.

2.3 One Stop Border Posts Models

With the establishment of One Stop Border Post the adjoined countries must come into an agreement on the best model to use in the construction of the structure. The models include; the straddling model, the single country model and the juxtaposed model. In the juxtaposed model all operations of shared border facilities are done on entry in each country³⁵. Good examples of OSBPs using these models are the Busia border, Namanga, Taveta/Holili and Malaba border. In the straddling model a single facility is constructed across the border line where all the adjoined countries operate on the same structure.

³⁴Kenya Revenue Authority. Customs Departmental Instructions

³⁵ International Organization for Migration, IOM and Integrated Border Management, 2015, p. 1.

2.4 One Stop Border Posts and Regional Integration

Regional integration is actually the entire process whereby neighboring countries come together and start working as a team through common institutions and rules. Promotion of economic growth and trade development is one of the key reasons for regional integration. The African continent has lagged behind in terms of trade and economic developments when compared to the other continents of the world. The reason that has contributed to poor trade performance in Africa include poor states of transport and communication as well as very poor structural arrangements in the borders³⁶. In order to cope and be in a position of solving these challenges, then establishment of OSBPs is intended to boost economic growth by strengthening regional integration which is realized through intensive and smooth trade flows. The establishment of the OSBP in the east African region was one of the best approaches as it greatly improved the border operations. Trade facilitation has been promoted through coordination and integration as it has eased the movement of people, goods and improvement of security in the borders.

Actually we can generally state that regional integration in Africa has been performed differently in different parts of the region. The regional integration efforts that have been put in place and already working in Africa are; custom unions, political union, common markets, economic and monetary unions as well as free trade areas. They are these efforts that have contributed to establishment of OSBPs in the continent. Elimination of trade tariffs is usually implemented by member countries of the FTA. Also other import restrictions on goods produced by member state are eliminated hence full realization of

³⁶ IMF, Regional Economic Outlook: Sub-Saharan Africa (IMF, Washington, D.C. 2009). Integration in Africa IV: Gender and Intra-African Trade, The case of East Africa". Nairobi, Kenya.

trade facilitation. It's therefore under this condition the member country under the free trade areas forced to maintain full border controls in order to collect taxes and duties from the party country where possible. Normally, FTAs are available so as to reduce trade barriers between and among participating countries and thereby protect local markets and industries. This program has a great benefit to consumers as they can assess quality goods which are less expensive as result of reduced or abolished trade tariffs. FTAs are beneficial to manufacturers and suppliers of commodities in that they may enable them gain a bigger market and therefore a competitive edge over their rivals without the FTA.

In an FTA, border crossings form the boundary between nations and customs territories therefore a tool of sovereignty for countries in terms of jurisdiction. One of the aims of an OSBP in any FTA is to protect local industries by providing an environment where government agencies responsible for the control of the movement of goods correctly assess and collect government revenue from imports that do not enjoy preferential treatment . In order to enhance free circulation of goods then the available border crossing points are eliminated or reduced. For effective implementation of OSBPs in a custom union then the border countries should provide conducive environment where there is minimal border restriction to enable free movement of goods. In a common market, OSBPs should be tools of regional integration by facilitating legitimate trade. The stage and level of integration will eventually lead to the inclusion of free movement as a feature of an integration strategy. Free movement of persons is contained in common market protocols and higher levels of integration. On the other hand, the free movement of people in the borders should not be used as a loop hole for insecurity in the country. Some of the terrorist groups may

joy ride on this move and therefore it's advised for border agencies to cooperate in order to make sure that there are appropriate steps of actions to be taken by either balancing the facilitations of free movement of people and security requirements.

2.5 Empirical Studies and Research Gaps

Various studies have been conducted on OSBPs in the past- One Stop Border Posts across Africa and this section aims at reviewing them. Chirundu One Stop Border Post at the border of Zambia and Zimbabwe was constructed in 2009 and became the first fully functional OSBP in the entire East and Southern Africa. The project was initiated by the Common Market for East and Southern African States (COMESA) and the governments of both Zambia and Zimbabwe. The border links the region to its COMESA partners Democratic Republic of Congo (DRC), Malawi and Kenya.

The Chirundu OSBP is situated on the banks of the Zambezi River bordering Zambia and Zimbabwe. Increased economic activity in mining and others across the region led to increased activity at the border crossing leading to delays and high costs of doing business thus necessitating the establishment of the OSBP. A study commissioned by the government of Zambia in 2011 reviewed the pre-implementation and post implementation periods of the OSBP. Trucks crossing the border increased from 70 in the year 2000, to 260 in 2010 to 470 in 2011 representing 80% increase in traffic. Customs declarations also rose from 3800 in 2004 to 7500 in 2010 and 10000 in 2011. This shows that the OSPB has an impact on trade facilitation.³⁷

³⁷ Muyabango Nkwemu & Patricia Besa Lungu. The One stop Border concept the case of Chirundu Border post between Zambia and Zimbabwe 2011.

Another study indicates that before the operationalization of the OSBP cargo trucks used to be cleared after three days however the turnaround times have been reduced significantly to only 3 hours. The study aimed at assessing the impact of Chirundu One Stop Border Post in addressing border protectionist challenges in 2015. The researcher employed both primary and secondary data. The researcher preferred interviews as the main data collection technique though documentary search and review were also conducted. The findings revealed the OSBP helped in reducing smuggling activities, reduction in administration costs was also revealed, a reduction in health challenges and improved economy and regionalism³⁸.

Another study evaluated opportunities and challenges a centralized infrastructure presents. The researcher's focus was on the first fully fledged OSBP which was Chirundu One Stop Border post. The study explored the implementation guidelines of the OSBP and one of the major pillars which is centralized system of clearance. The study determined that a centralized system greatly reduces time and manpower required to clear cargo and people from one border to the next. The study noted that the design of the facilities should also be inclusive of both countries in the border and the examination of data and physical examination of goods should be streamlined so that there is no duplication³⁹.

³⁸Muqayi Solomon & Manyeruke Charity.(2015). Impact of Chirundu One Stop Border Post in addressing border protectionist challenges. *Journal of Social Sciences*. Pp 11-20

³⁹ Kwaramba.M, (2010) *Evaluation of Chirundu One Stop Border Post- Opportunities and Challenges*, Harare, Trade and Development Studies Centre

In South Africa a study conducted to examine the regulatory framework, infrastructure and process flow of the OSBP at Port Elizabeth the study further looked at the objectives of the OSBP, Border operational procedures and how the OSBP comes into the whole process of reducing transit time and facilitating trade. The infrastructure should include human capital specifically the Joint OSBP coordination committee. The committee needs to be established in accordance with the bilateral trade agreement⁴⁰.

Another research study conducted in Malaba OSBP on Kenya and Uganda used a descriptive research design with a questionnaire that is semi-structured as the instrument of the main data collection. The target population consisted of staff drawn from the Kenya Revenue Authority, Immigration Department, Kenya Bureau of Standards, Port health, Ken Trade, Department of Veterinary Services, Kenya Forestry Service, Pharmacy and Poisons Board, Agriculture Fish and Food Authority, East African Community, Dairy Board, Police and officers of the National Intelligence Services. The research findings revealed that multiple agencies needed to work together for successful implementation of the One Stop Border Strategy. The study also noted that the OSBP strategy is a complex one therefore the lead agency which is the Customs authorities in both countries need capacity building and technical expertise training from donors and government alike. The study also revealed and recommended that stakeholders and other border users alike need to be frequently sensitized and trained on changes on the OSBP. Finally the study

⁴⁰ Fitzmaurice, M (2017). One Stop Border Post (OSBP) Operational Procedures, Port Elizabeth. *Transport logistics Consultants Journal*.

recommended that there needs to be a mid-term evaluation of the Malaba OSBP to assess its viability and probably recommend any improvements⁴¹.

Using a cross-sectional research survey design at the Malaba OSBP, an effort to determine the effect of inter-agency cooperation on Customs performance. The study established that inter-agency cooperation among border agencies in Malaba OSBP had a positive impact on Customs performance⁴²

In the neighbouring border of Busia, a study was conducted to establish the impact of the One Stop Border Post on informal livelihoods in the town. The study used questionnaires as the main data collection instrument. The findings revealed mixed results, on positive note the research found out that the OSPB has positive effects through enhanced access to cross border trade. The study also found out that with the advent of the OSPB there was reduced opportunities for unskilled workers unlike before⁴³.

Still in Busia, a study was conducted in 2011 to investigate the implementation of the OSBP at the border crossing. The research used a case study design with data being collected using both primary and secondary sources. The study held that the implementation of the OSBP was faced with a myriad of challenges that stood in the way

⁴¹Cheruiyot Susan & G. Rotich.(2018).Factors influencing the implementation of One Stop Border Strategy a case study of Malaba. *International Academic Journal of Human Resource and Business Administration* pp 303-324

⁴²Beatrice Ndirangu. Effect of interagency collaboration on Customs performance at Malaba OSBP,2019

⁴³Paul Nugent, Isabella Soi.One-stop border posts in East Africa: state encounters of the fourth kind. *Journal of Eastern African Studies* 14:3, pages 433-454. 2020

of successful implementation of the OSBP. The study recommended that consultations be made oftenly between stakeholders and that trainings be undertaken more frequently⁴⁴.

A research conducted to assess the impact of Namanga OSBP on informal cross border traders utilizing qualitative research design where in-depth questionnaires were used revealed that the OSBP had benefitted the informal traders in any way. Therefore the study recommended the governments of both Kenya and Tanzania need to restore and improve on the incomes of the informal traders. This fact was made on the basis that the East African Community Treaty anticipates that one key function of the OSPB is to support economic empowerment of informal traders especially women⁴⁵.

⁴⁴Rose Mbaki Ndunda. Implementation of One Stop Border Post in Busia Border Kenya 2011

⁴⁵ Masheti Masinjila. Impact study of Namanga One Stop Border Post on local traders a rapid survey 2018
Trade Mark East Africa

CHAPTER THREE

CRITICAL OVERVIEW OF TRADE FACILITATION

3.1 Introduction

This chapter will discuss trade facilitation and explore its importance and benefit to international trade diplomacy relations.

3.2 The Concept of Trade Facilitation

The world is transforming fast with globalization taking over because of liberalization of many economies. For traders, both importers and exporters alike are usually responsible for world trade therefore would love to see simpler and harmonized procedures at the international borders because they are crucial in making international trade as efficient as possible. Simplification of customs procedures is fundamental in enhancing revenue collection capacity, customs clearance and controls' efficiency and reduction in trade-related costs and delays. Simplifying and harmonizing procedures required by customs is essential in supporting goods' clearance. Measures such as advanced lodgment, making declarations and payments electronically, standardizing required documentation and reducing the number of copies needed for making declarations for goods. This should be based supported by legislations and regulations on customs, use of information technology and intelligence, risk management principles and the use of up-to date equipment in scanning.

Trade facilitation is usually expected to unlock gains from trading internationally. Trade facilitation ensures that costs in trade due to complex procedures introduced by customs and transit arrangements that are inefficient. Reduction of costs and time of trade are overall trade facilitation performance indicators. Trade facilitation ensures that the costs, time and uncertainty encountered from the result of international trade transaction policies and processes are reduced. There is significant variation in cost estimates, and hence differences between direct and indirect costs must be noted. The costs incurred in movement of cargo from factories to ports, port handling costs, costs of finance and insurance, costs of transporting internationally, documentation and customs compliance costs are among the direct costs of trade. Opportunity costs, such as costs due to delays in trade process, account for approximately 80% of total costs of trade transactions are among the indirect costs of international trade.

Procedures and documentations involved in trade can be major obstacles to trade. It is estimated that the total costs, direct and indirect, due to such requirements and procedures account for between 7% and 10% of the world trade's value. In Asia's and the Pacific's developing countries, these costs may be higher. Countries across the globe have been strategizing on simplifying international trade processes and procedures in order to maximize gains from trade. The reducing of trade costs and increasing in trade and welfare benefits related to trade and welfare result from increased efficiency of customs procedures of countries that are still developing⁴⁶. Too much requirements on documentation,

⁴⁶ Chris Milner & Oliver Morrissey & Eviou Zgovu, 2008. "Trade Facilitation in Developing Countries," Discussion Papers 08/05, University of Nottingham, CREDIT.

inefficient technology, lack of clarity and lack of transparency and specificity in the requirements for importing and exporting impede trade facilitation.

Procedures in import clearance and exportation procedures have been simplified in Bangladesh through reduction of the number of signatures needed for consignments' clearance. The trade process has been further simplified by reducing the frequency of trade goods' inspection and the use of the automated system for customs data (ASYCUDA). The Bangladesh government automated the Chittagong Customs House with support from an IT firm called Data soft Systems Bangladesh Limited to expedite customs clearance in order to ultimately ensure higher revenue collection. The expectations from customs modernization initiatives in Bangladesh, such as ASYCUDA and direct input by traders, did not materialize as the customs clearance process is not paperless.

On average, developed countries tended to do better in trade facilitation than developing countries. World Bank data indicates that border compliance costs for imports in high-income OECD member countries are more than 80 percent lower than in either Latin American or Sub-Saharan Africa countries. To export woven garments to India from Bangladesh, one has to go through 12 steps, 26 documents and 13 agencies. On average, this business process can take up to 40 days . Factors like issue of inaccurate clean report of findings certificates by inspection agencies in pre-shipment, inadequate facilities for testing, filing of cases by traders and trading community's false declarations cause a lot of delays and inefficiency in clearing imports and exports in Bangladesh ⁴⁷.

⁴⁷Uzzaman & Yusuf, 2011. The role of Customs and other agencies in trade facilitation in Bangladesh: hindrances and ways forward. *World Customs Journal*. Vol 5(1) pp 17-27

In the Ghana gateway project, realizing the objectives of trade facilitation is highly impeded by corruption in customs excise and preventive service. Despite initiatives being put in place to facilitate trade, a lot of formalities are done when ships arrive in most countries that are still developing, and the port of Mombasa port is no exception. A lot of delays are usually caused by customs and other agencies responsible for facilitating the import and export process. Missing documents during clearance process and errors made when making import and export declarations are also major contributors of delay in import and export process (UNCTAD, 2013).

Diplomacy relations simply mean customary diplomatic cooperation between different states. In the process of relations, the states send diplomats to work in each other's country hence dealing with each other formally. They can come together for several reasons. The Regional Economic Community of the East African Community is an excellent example of sound diplomatic relations as the sole purpose of the organization was to develop trade in the region.

The East African community is made up of various organs that do function separately and aid in smooth running of the organization. The following are the main east African community organs together with their roles or responsibilities. The Summit is entirely made up of all heads of government or states from all the member countries. They enjoy the uppermost powers in the organization as they give directives to the other organs⁴⁸. The next structural body is council of Ministers which is the governing body of the EAC as it's

⁴⁸ Alexander, L.D 1985. Successful Implementation of Strategic Decisions, Long_ range Planning Journal, 18(3), 91-97

responsible for making all central decisions. Its members come from the ministers or the cabinet secretaries from various member countries and those who are responsible for the regional co-operation⁴⁹. The body meets twice a year whereby one of its meetings is held immediately after the meeting of the summit. The organ is responsible for disseminating all the decisions taken at the summit and also to check to the day-to-day roles of the organization. The next structural body is the coordinating committee which has primary responsibility for regional co-operation and coordinating the activities of the sectorial committees but it's under the council. It has all powers to recommend and instruct the Council on all matters concerning establishment, composition and functions of such Sectorial Committees⁵⁰. The next organ which is sectorial committees forms new ideas, programs and monitors their implementation. Coordinating committee is responsible for recommending the Council to establish such Sectorial Committees.

The enforcement of the laws are interpreted and applied as per the EAC treaty and it's the work of the court of justice. The headquarters of this EAC court of justice is situated in Arusha on temporary basis because the summit has not yet decided on its permanent location. There are other sub-registries in every member country which are located in the surrounding of the national courts⁵¹. Through legislative means, representatives and oversight mandate can be done by the East African legislative assembly. This EAC body was established under Article 9 of the Treaty for the Establishment of the East African

⁴⁹ Eastern Africa Community (EAC) .2005. A Guide for Maize Traders on Regulatory Requirements for Imports and Exports of Maize in East African Community, EAC, Arusha

⁵⁰ Devling, B. 2011. The Continuing Vitality of the Territorial Approach to Cross- Border Insolvency 70 UMKC L Rev 435

⁵¹ Buyonge, C. 2007. Emerging issues on the role of Customs in the 21st Century: An African focus. World Customs Journal, vol. 1, no. 1, pp. 55-62.

Community. The last structural organ of EAC is the secretariat which is the executive body of the organization and therefore all the regulations and directives from the council are implemented by this body. The body is headed by the secretary general and a total of four deputy secretary generals who carry out day-to-day activities given by the council. The secretary general is appointed by the summit for a term of five years. This means that he or she is not appointed again.

3.3 East Africa Community Trade Facilitation Reforms

East African community has over the years put into place an effective mechanism to enhance trade facilitation as well as promote socio-economic development. The organization has worked very hard in realizing this by established custom unions, political frameworks, common market, and successful monetary union such as banks. The East African Community Customs Union had its first phase in Kenya, Tanzania and Uganda and then Burundi and Rwanda joined it later in the year 2007.

3.3.1 Legal Proceedings and Appeals

All EAC Member states aspires to give every member parties the right to seek administrative or judicial review or appeal of a decision about customs matters. For the success of trade facilitation then there must be a sense of transparency and that sense should be clearly seen when doing a review or correction of administrative action to custom matters through judicial institutions, arbitral or administrative tribunals. All the guidelines which should be followed are well revised by the Kyoto convection as well as been treated by X: 3. In the EAC custom laws then the important aspects of trade facilitation are catered

for⁵². Any Cases that arises are handled by competent courts within the member states and may include release of any pending goods and if not found guilty then the participants is assumed to have committed trade facilitation injustice.

3.3.2 Official Fees and Charges

On issues concerning all payable fees and charges then the members have been advised to publish information via the Internet about fees and charges on imports or exports. This publishing should be done in advance so as to give parties an opportunity for comment and should not take effect until such information has been made publicly available. The charges that are normally paid may at sometimes not favor trade facilitation or go hand in hand with the Article VIII of the EAC agreement. There are those standards that particular goods must have so that they can be changeable and therefore things like expenses in the custom processes or even the hours taken in the clearance of the goods are considered. According the East African Community there must be an exact amount of charges of goods or services rendered. Still there is a problem with regard to non-official charges although the official fees and charges is justifiable.

3.3.3 Information and Communication Technology

All the border posts are expected to perform activities like clearance, verification of key documents, data analysis, enhancing security and many others. All the activities done on the border post must be effective and efficient and therefore to realize this using of

⁵²Buyonge., Op.cit, p. 98

information and communication technology is advisable. All the trade statistics must be effectively analyzed as well as ensuring that risk is managed at all cost in the border post.

In July 2015, Kenyan government came up with new custom reform modernization program known as Simba 2015 to all border posts. On the other hand, Uganda and Tanzania government initiated the use ASYCUDA++ in their border posts. Other countries like Rwanda have been performing very well in the information and communication sector through the Rwandan revenue authority which has been showing an increment in revenue collection. The time that was been taken during clearance and release of goods have decreased recently as a result of usage of ICT systems in operations of many activities on the border posts⁵³. Currently in Kenya the level of transparency has increase, centralization of document processing is effective and filling of customs documents electronically done. There has been an increase in trade performance in the EAC region after the introduction of Simba 2015 in Kenya and ASYCUDA++ in both Uganda and Tanzania but better performance can be realized if they all use one ICT system. Moreover, EAC member states should study the ICT systems that are used in the developed countries like United States of America, which might even work better hence better trade facilitation.

3.3.4 The Single Window Concept

International trade is at many times supervised by different government agencies. For example, in the processes of inspecting of goods the activity is done by different border agencies and in any case there are documents that have to be present in paper form to all

⁵³ Kafeero, E. 2008. Customs and Trade Facilitation in the East African Community (EAC). World Customs Journal, 2 (1), 63 – 71.

the agencies in border creates a lot of inefficiencies in completing these statutory requirements.

The concept of single window was introduced to solve this problem as now the trader presents the required document in a single designated authority and therefore all activities are done at that point hence improving trade facilitation along the borders. A lot has to be done by the EAC in strengthening the inter-agencies cooperation. For example, in Kenya the bodies that are involved in authenticating and certification procedures of all imports and exports in the borders include; pest control products board that makes sure that products imported are free from pest, Kenya bureau of standards, Kenya Plant Health Inspectorate, Kenya revenue authority, the ministry of livestock development and the ministry of agriculture. All of these bodies must work together as a team through collaborative activities in order to prevent wastage of resources and duplication of functions which hinders efficiency in trade.

It's therefore advisable for east African community member states make sure that The Single Window concept on their borders is desirable or else supplement it with one stop shop which allows all the activities like doing controls, checking of goods, and all administrative activities in one convenient place at the same time. Single window will be at its full blow in EAC once all the custom collection is centralized at the first point of entry.

3.3.5 Freedom of Transit

Freedom of transit is defined in the article as all activities which encompass regulation of all traffic activities in the border points in order to avoid unnecessary delays, setting of standard charges to avoid confusion in collection of fee, using of non-discriminative method when dealing with like products as well as use of air transit of goods. Due to corruption in the borders some of these transit issues go beyond the strictly customs domain. In the intra-EAC trade some of the troubling non-tariff barriers are transit procedures. As a result of penalties imposed on overloading the trucks that carries goods crossing EAC borders some are forced to reduce some of their goods. The entire activity becomes costly in terms of the time taken and money spent in transporting of goods twice. Kenya has been demanding for customs insurance bond transit goods that are transported to Burundi, Rwanda and Uganda.

That amount it affects traders greatly and it's seen violating article V: 4, GATT of 1994. There have also been reports of corruption and a lot of delays emanated from the road blocks towards cross borders of EAC region member countries⁵⁴. Kenyan police according to reports from various traders are said to be leading in corruption on the roadblocks as they do not understand that they can only stop a vehicle based on proof that the goods been transported are suspicious. Also, transit in the EAC region has been affected greatly by the poor infrastructural conditions as a lot of time is wasted in transportation of goods hence poor trade facilitation. EAC region has slightly improved in the transit sector as it has implemented several one stop border posts which show a positive move towards

⁵⁴ Kasse, D. 2014. The WTO Agreement on Trade Facilitation: Status of Play in Southern African Customs. World Customs Journal 8 (1): 101-112.

cooperation and coordination. However, there are some positive developments in the region which are related to transit. Examples of these OSBPs are Busia, Namanga, Malaba and Taveta/Holili. Setting of more joint borders have been initiated through the credits given to the EAC member states by the World Bank has improved transit sectors.

3.3.6 Effective Medium of Communication.

Effective communication is critical in every organization's setup. Trade cooperation requires good medium communication for its performance. In the earlier eras of barter trade the problem that was experienced was that of language barrier. For communication to be effective then each party must have knowledge of a specific language. English is the official language whereas Kiswahili is the lingua franca of the EAC according to the Article 137 of the EAC Treaty 1999. Many of the traders from the EAC member states do not have knowledge of speaking in English as most of the laws are available in that language. This poses great challenges to many traders and other stakeholders. Those trades involved in border trades within Kenya, Tanzania and Uganda and cannot understand legal and administrative text written in English ends up paying charges due to mistakes done in the course of their trade. The most affected in the region are the small and medium-sized enterprises as they earn very little profits. Countries like democratic republic of Congo, Burundi and Rwanda for a long time has been using French as their official language and this is a great challenge as it's seen that they are key player in the EAC trade. This means that it can be advantageous to trade facilitation process if all the EAC laws are translated into French and Kiswahili so as to cater for the said countries as they the best medium of communication to them. For the case of stakeholders in Uganda then Kiswahili language

should be emphasized. The EAC has recently been popularizing Kiswahili language in Uganda for effective trade facilitation. The move to popularize Kiswahili in greater East African Region should be encouraged and supported as language fosters unity and improves relations between nations. Information should be published through the internet and therefore member countries have come to agreement in things concerning import, export, and transit procedures, and make any forms related to these procedures available electronically.

3.4 Challenges Facing Trade Facilitation

There has been poor trade performance in the Africa continent as its global trade is at low rates compared to those of other continents. Cooperation and coordination within African continent has not only been lowest but almost stagnant. All the countries in Africa have got almost similar economic structure and therefore this poses challenge to the countries because of production of similar goods. For instance, it's like Tanzania produces the same goods that Kenya produces and this makes the two countries not to engage in trade as each has got goods that the other has; again it's mostly observed that their economies face barriers because of the low industrialization levels, overreliance on the agricultural sector, poor marketing strategies as well as poor coordination mechanisms among both public and private sectors..

3.4.1 Poor Transport Infrastructure

The means and the condition of infrastructure in Africa is one of the greatest problem and challenge for its development. The problem is worsened by the countries that are not surrounded by water masses as they end up using high transaction costs not only from their

own poor infrastructure but also from that of their transit neighbors. A good example is Uganda whereby it's not surrounded by waters and it's forced to spend and cooperated with Kenya or Tanzania for transportation of imported goods through water.

3.4.2 Non-Tariff Barriers.

In the process of realizing trade facilitation, non-tariff barriers pose a challenge. It's very challenging for the EAC member states to completely eliminate non-tariff barriers as there are other several old unsolved and new non-tariff barriers issues. This therefore ends forcing each member state not to market their products freely hence poor performance of the organization.

3.4.3 High Transport Cost

The costs that are incurred in transportation of goods from many African countries to major world countries are another big challenge because they are very expensive. Trade cannot expand at all if the conditions of infrastructure are worse since high transport cost will be incurred. Countries like Uganda, Burundi and Rwanda are landlocked and therefore they have to depend on either Kenya or Tanzania for transportation of their goods to overseas markets. These countries are disadvantages as more costs are spend in the transportation of the goods as well as payment of the required charges.

3.4.4 Poor Telecommunications Service

Most of the African countries more so in the east African countries, investment in telecommunications services has not yet to be at its stake because there is frequent

interruptions. When compared with the developed countries like Britain and United States, the current telecommunication services offered in the African countries is very high. Communication gadgets like computers and mobile phones in many African countries are few because the countries depend on importation the products. The sense of converting the African continent into a global village has been a challenge due to insufficient supply of telecommunication services.

3.4.5 Poor Insurance and Payment Systems.

In the African continent and especially in the east African region the financial systems are very poor when compared with those of other parts of the world. This is because they use old systems of operation and end up experiencing inefficient and cumbersome payments, expensive insurance, weak payments and customs security fees⁵⁵. The available poor facility arrangements forbid trade within and outside the continent. All the transactions in Africa's financial systems are payable and equivalent to non-tariff barriers which increase the trade cost.

3.4.6 Cumbersome Customs Procedures

Lack of information and communication technology in many African counties causes insufficient custom administration. All the process of document verification is outdated, lack of machines for automation of all the process in the border post, lack of transparency, consistency and cooperation with other government agencies are the problems affecting

⁵⁵ Kaplan, S.R. and Norton, P.D.2008. Mastering the Management System. *Harvard Business Review Journal*. January 2008 Issue.

custom procedures in Africa. As a result of this a lot of money and time is spend in the custom activities.

3.5 Ways of Improving Trade Facilitation

3.5.1 Increasing Transparency and Predictability

Where there is a transparent system then there are minimal chances of corruptions which are a serious issue affecting African countries. A good example is the Kenyan government whereby funds have been misused. If all custom collection is fast, transparent and predictable then the rate of revenue allocation will be high and which is one of the important source of income in east African countries.

3.5.2 Improving Security

Most of the east African countries have gained a lot in from Trade facilitation. If there is faster delivery of goods together with reduced transaction costs then traders will gain maximum profits. In this case if the goods delivered are secure trade facilitation must improve. Kenya bureau of standard is the government agency that checks for the security and standard of the imported or exported goods. The Kenyan government has done much in fighting criminals through efficient revenue collection, increased economic efficiency and augmented predictability. Therefore, the member countries should put more efforts in improving their security to create good environment for trade.

3.5.3 Increase Business Opportunity

Trade facilitation is very important as it does not benefit the involved organization or party alone but all those who use transport means to transport their goods to the market by creating a chain effect⁵⁶. Therefore, it's very important for the member countries to have a common link with developed countries like United States of America in order to expand its business potentials.

3.6 Empirical Studies and Knowledge Gaps

A study conducted to examine the simplification of trade processes and procedures, in order to facilitate trade, in Bangladesh noted that traders and customs agents agreed that automation process results in the reduced lodgment costs, costs and time of clearance and prevents corruption. However, the study just used descriptive analysis. A more rigorous analysis such as regression analysis would be preferred⁵⁷. This study was relevant to establish the effect of automation on trade facilitation. However, it did not aim at establishing the effect of OSBPs on trade facilitation, hence a gap that the current study aims to fill. Another study examined the impact that adoption of electronic procedures by customs by clearing and forwarding agents in Nairobi, Kenya has on trade facilitation. It was noted that customs electronic procedures drastically reduce the average time for lodgment time and clearance as well as lodgment cost. However, the study just used descriptive analysis. A more rigorous analysis such as regression analysis would be

⁵⁶ Leeuwis, L., Van Mierlo, B., Smits, R., & Wolthuis, R. K. 2010. Learning towards System innovation: Evaluating a systemic instrument, in: *Technological Forecasting and Social Change*, 77(2), 318- 334.

⁵⁷ Hossain, Syed Saifuddin, and Md Tariqur Rahman. 2011. *Trade facilitation in Bangladesh through simplification of business processes and procedures*. Centre for Policy Dialogue, 2011.

preferred⁵⁸. Just like the previous study this study focused more on effects of automation rather than OSPBs hence a gap that the current study aims to fill.

In order to establish the factors which, affect facilitation of trade in East Africa and their impact on border points of Kenya/Uganda/Tanzania/Rwanda/Burundi as research study was conducted and revealed that the East African border points play an important part in trade facilitation if impediments to trade are addressed. It was noted that non-tariff trade barriers increase business costs and negatively impact on the process of facilitating trade. It was also shown that administrative barriers negatively impact on trade facilitation. It was established that automation of processes leads to reduction in time taken to clear goods and positively impacts on trade facilitation. However, the study did not specifically determine the effect of either customs licensing process, customs verification and release process or customs enforcement procedures on trade facilitation performance⁵⁹.

3.7 Conclusion

Through increased exports trade performance has been achieved by the EAC member states who have fully implemented the trade facilitation requirements. Foreign exchange, creation of more employment opportunities and trade balance has been as a result of increased exports. In order to diversify the amount of exports in a country then value should be added to the goods produces as well as increasing the number of the varieties of export goods. This will lead to increased benefits and sustainable economic growth because raw products

⁵⁸ Kwalia, Owen Kesino.2012. "Impact of adoption of customs electronic procedures by clearing and forwarding agents in Nairobi, Kenya." Unpublished MBA Project University of Nairobi.

⁵⁹ Khaguli, E. I. "Factors affecting trade facilitation in East Africa and their impact on Tanzania/Kenya/Rwanda/Burundi border posts." *Master of Arts (Economics) Dissertation. University of Nairobi, Nairobi–Kenya* (2013).

prices do fluctuate. Since the implementation of trade facilitation initiatives in EAC, trade has increased.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND FINDINGS

4.1 Introduction

This chapter presents and discusses findings as set out in the research methodology section. The chapter first examines the demographic data as per the questionnaire. Secondly, the chapter presents and discusses descriptive analysis of the key variables of the study which are integrated systems, shared infrastructure and inter-agency cooperation as sub variables of One Stop Border Posts and how they affect trade facilitation at the Lunga Lunga- Horo Horo border crossing. After presentation and discussion of descriptive statistics the chapter will present inferential statistics and discussions on the same. Inferential analysis will consist of regression and correlation analyses.

4.2 Response Rate

The research questionnaires were administered to 400 respondents who are active at the Lunga Lunga -Horo Horo OSBP. Only 295 responded to the questions giving a rating of 74%. A return rate of 50% is usually considered adequate, 60% very good and 70% very good⁶⁰. The high response rate was due to the data collection procedure employed. Respondents were notified and completed the questionnaire immediately.

⁶⁰ Babbie, E.R. 2014. *The basics of social science research, 6th edition*. Cengage Learning Chicago.

Table 4.1: Response Rate

Response	Frequency	Percentage %
Response	295	74
Non Response	105	26
Total	400	100%

Source: Author

4.3 Demographic Analysis

For the researcher to establish the relationship between One Stop Border Posts and Trade Facilitation at Lunga Lunga - Horo Horo border crossing it is significant to determine background information of the respondents. Background information includes such things such as education level, occupation, employer, and position in organization, number of years worked and so forth.

4.3.1 Sex of Respondents

The respondents were requested to fill out their gender and 68% were male while 32% were female. The high number of males in Lunga Lunga -Horo Horo may be due to the society being patriarchal owing to the Islamic religion. However, the number of female respondents was encouraging as it surpassed the Kenyan constitutional requirement of 30%. Most females were employed in government and also operated as cross border traders

Table 4.2: Sex of Respondents

Sex	Number	Percentage %
Male	200	68
Female	95	32
Total	295	100

Source: Author

4.3.2 Age of Respondents

The questionnaire also required the respondents to indicate their age.

4.3.3 Highest Educational

This research sought to determine the respondents' level of education so that the relationship between OSBPs and trade facilitation may be ascertained. From the research findings majority of the respondents were well educated despite being a region has a low uptake in education. The majority of the respondents at 45% had completed Secondary School, 5% had not completed secondary school, 25% had a diploma, and 20% a degree and 5% were post graduates. The results are shown in the table below.

Table 4.3: Level of Education

Level	Frequency	Percentage %
Primary	15	5
Secondary	148	50
Diploma	59	20
Bachelor	59	20
Post Graduate	14	5
Total	295	100

Source: Author

4.3.5 Number of Years Worked

The study sought find out the experience of respondents at the OSBP. Most respondents at 53% had worked or used the OSBP between 6-10 years. 35% have worked at the post for 5 years and below while 10% have worked for a period of between 11 and over 15.

Table 4.4: Number of Years Worked

Duration (Years)	Frequency	Percentage %
Below 5	103	35
6-10	156	53
11-15	24	8
Over 15	6	2
Total	295	100

Source: Author

4.3.6 Nationality

It was also in the interest of the researcher to determine the users of the OSBP by nationality and it was interesting to note that the Lunga Lunga - Horo Horo One Stop Border Stop is more than just an East African Border Crossing because it serves multiple nationalities from across East, Central and Southern Africa. The border acts as a connection between the northern corridor and the central corridor linking Tanzania and Central Africa. The results are as shown in the table below.

In order to determine trade facilitation in a more collaborative manner, respondents were asked to state their nationalities. The neighbouring countries of Kenya and Tanzania emerged the highest with 27% and 28% respectively. The other partner states whoa rare members of the East African Community, Uganda, Burundi and Rwanda had a formidable presence at the border with a combined 68% of traders at the border probably owing to the Single Customs Territory and proximity of Lunga Lunga -Horo Horo OSBP to the central corridor.

Table 4.5: Nationality

Nationality	Frequency	Percentage %
Kenyan	79	27
Tanzanian	84	28
Ugandan	23	8
Burundian	20	7
Rwandese	25	8
Congolese	18	6
Malawian	10	3
Other	18	6
Total	295	100%

Source: Author

4.4 Descriptive Analysis

Under this section, the relationship between the One Stop Border Post concept and trade facilitation was analyzed descriptively. The variables of this study which include System Integration, Shared infrastructure and Inter-agency cooperation were each assessed to

determine their effect on trade facilitation. They were descriptively analysed using the Mean and the Standard Deviation.

4.4.1 System Integration

In this section the questionnaire has an ordinal scale ranging between 1 -5 responses with 1 as strongly disagreeing while 5 as strongly agreeing. The respondents agree with the statements; Electronic format for use at the border post is efficient in easing access of information with a mean of 3.54, ICT Systems at the border posts are effective with minimal downtimes has a mean of 3.29 being on average the neutral response. A 4.00 average response on the statement that there is a seamless interlink between the systems implored by Kenya and Tanzania. Service delivery has improved since the introduction of the integrated ICT systems at the OSBP has a mean of 3.71 which is average agree on the statement. Integrated ICT Systems at the Border post are user friendly has a mean of 3.73 with a standard deviation of 1.550.

Table 4.6: System Integration

Statement	N	Mean	SD
At border post, all clearance processes use technology	295	3.45	1.55
Electronic systems used at the border post are efficient in easing access of information	295	3.66	1.64
Citizens/customers can serve themselves from their smartphones/PCs	295	3.53	1.60
ICT Systems at the border posts are effective with minimal downtimes	295	3.29	1.63
There is a seamless interlink between the systems implored by Kenya and Tanzania	295	4.00	1.53
Overall		3.59	1.59

Source: Author

In the above table the values are ranked from strongly disagree, disagree, neutral, agree, and strongly agree with numbers 1,2,3,4 and 5 representing each value respectively. 50% that the electronic format used at the border post is efficient in easing access of information while 30% strongly agreed. The remaining 20% were either neutral or disagreed. The high percentages suggest that the operational systems were working efficiently though some still felt that a lot more can be done to improve the systems in order to enable them compete more favorably internationally.

There was a mixed reaction when it came to opinions of respondents on the seamlessness of the interlink between the systems employed by the bordering countries. This was disagreed mainly by respondents who were traders, transporters and travelers; those who had more than 4 years' experience at the border post. 15% strongly disagreed while 35% of the respondents disagreed. 25% agreed and 5% strongly agreed. This brought some concern especially since a majority of the respondents were of the opinion that the interlink was not as seamless as it should be. The respondents who disagreed justified their disagreements by terming the lack of cohesion at the border post between customs officers from the bordering countries as the main cause of the lack of interlink.

From the responses, more than 60% of the respondents felt that the systems were user friendly. Most of the once who were neutral felt that it still could be made better as they felt there were still a lot of challenges with the system. More than 70% felt that there was a huge improvement on the systems employed by both neighboring countries. The issue of

cohesion still popped up as some respondents saw that there were still some issues with cohesion between the two countries.

4.4.2 Shared Infrastructure

This variable shows the relationship between shared infrastructure and the facilitation of trade at the Lunga Lunga - Horo Horo OSBP. A likert scale questionnaire was used with ordinal scale of 1 as strongly Disagree to 5 as strongly agree. Several research questions were raised for the purpose of determining whether shared infrastructural setup has been wholly beneficial in facilitating trade. The respondents agree with the statements; The shared infrastructure at the OSBP is designed to ease information sharing between all shareholders has a mean of 3.56 with a standard deviation of 1.550. Easy and structured navigation in and around the OSBP has a mean of 3.44 and a standard deviation of 1.644. Respondents are neutral in answering the statement that there is cohesion when it comes to centralized clearance of people and goods from both sides. They agree with the statement Infrastructure at the border post is efficient in accommodation and operations. The infrastructure allows government agents from both sides to work harmoniously with minimal repetition as shown in the table 4.6 below.

Table 4.7: Shared Infrastructure

Statement	N	Mean	SD
The infrastructure at the OSBP is designed to ease information sharing between all shareholders.	295	3.56	1.550
All structures are friendly to all customers	295	3.44	1.644
There is easy and structured navigation in and around the OSBP	295	3.29	1.605
There is cohesion when it comes to centralized clearance of people and goods from both sides	295	3.49	1.630
There are enough structures to accommodate all government operatives	295	3.66	1.537
The infrastructure at the OSBP is designed to ease information sharing between all shareholders.	295	3.49	1.621
Overall		3.49	1.60

Source: Author

In the above table the values are ranked from strongly disagree, disagree, neutral, agree, and strongly agree with numbers 1,2,3,4 and 5 representing each value respectively and a standard deviation was ultimately also conducted.

The above table shows the responses of the various questions on the effect of infrastructure on trade facilitation. A large majority of the respondents agreed that the infrastructure improved trade facilitation and was paramount in the quick service delivery on either side

of the borders. The table confirms what the various respondents felt that the OSBP had a huge potential when it came to facilitating trade since the infrastructure was already in existence. Lunga Lunga-Horo Horo has adequate infrastructure particularly on the accommodation and operations at the border post. The Table above shows that a majority of the respondents were either neutral or agreed on the fact that government agents from both sides worked together harmoniously with minimal repetition. This was because they felt that the OSBP should have all agents on one building from both countries in order to ensure that there is minimal repetition. There still existed two checkpoints because agents from either country had not allocated a single building for the clearance at the Border post.

4.4.3 Inter-agency Cooperation

The respondents are in agreement with the statement that There is a consistent monitoring and evaluation system that mitigates operational risk evidenced by a mean of 3.49 and standard deviation of 1.468. There is a robust risk data infrastructure that helps in accessing and storing data for the prevention and detection of risk have a mean of 3.41. Data sourcing is easy and reliable from all members of the EAC and especially the Bordering country has a mean of 3.15. Risk based management initiatives implored have been paramount in detecting and Eliminating potential risk with a mean of 3.15. There is a collaborative cross functional team approach at the border post in risk management has a mean of 3.41 and a standard deviation of 1.606.

Table 4.8: Inter-agency Cooperation

Statement	N	Mean	SD
There is a collaborative cross functional team approach at the border post in risk management	295	3.49	1.468
The border agencies share information on illicit activities at the border	295	3.42	1.643
The border agencies conduct joint verification of goods	295	3.46	1.606
There exists an active joint border management committee	295	3.41	1.286
There exists a fora and or platforms for border agencies and stakeholders to engage	295	3.15	1.581
Overall		3.39	1.52

Source: Author

4.4.4 Trade Facilitation

The views of respondents on trade facilitation performance at the port of Mombasa in Kenya were also examined. The pertinent results of analysis are shown in Table 4.8. Majority of the respondents agree with the statement Infrastructure has improved speed and service delivery at the OSBP with a mean of 4.22 and a standard deviation of 1.509. The use of Integrated ICT Systems at the OSBP has improved on the speed of clearance at the OSBP Lunga Lunga has an average response of Agree with 4.02. Risk based management initiatives have been paramount in reducing transit time mean of 3.63. Service delivery could be further improved at the border post having a 4.07 mean. The OSBP

operation improved the trading at the borders has a mean of 3.85 with a standard deviation of 1.606.

Table 4.9: Trade Facilitation

Statement	N	Mean	SD
Infrastructure has improved speed and service delivery at the OSBP	295	4.22	1.509
The use of Integrated ICT Systems at the OSBP has improved on the speed of clearance at the OSBP	295	4.02	1.604
Risk based management initiatives have been paramount in reducing transit time	295	3.63	1.685
The OSBP operation improved the trading at the borders	295	4.07	1.170
Cost have greatly reduced since the OSBP was initiated	295	3.85	1.606
Overall		3.95	1.515

Source: Author

4.5 Inferential Statistics

This section of the study presents the results of correlation and multiple regression analysis. Correlation analysis involved examining the relationship between the dependent variable and each of the three independent variables, using the Pearson correlation coefficient (R). The combined effect of predictor variables on the outcome variable of the study was established through multiple regression analysis.

4.5.1 Correlation Analysis

The strength of relationship between the two variables was measured using the Karl Pearson's coefficient of correlation (r) as shown in the Table below. From the finding, it was clear that there was a positive correlation with linear relationship between the independent variables and dependent variable with coefficient of correlation, r equal to 0.148, 0.644 and 0.596 for shared infrastructure, systems integration and inter-agency cooperation and are statistically significant with ($p < .005$) for variables.

Table 4.10: Karl Pearson Correlation coefficient

	Infrastructure	Systems	Inter agency	T_facilitation
OSBP_infrastructure Pearson Correlation	1	.325**	.489**	.689**
Sig. (2-tailed)		.000	.001	.000
N	295	295	295	295
OSBP_System int Pearson Correlation	.325**	1	.366**	.593**
Sig. (2-tailed)	.000		.001	.000
N	295	295	295	295
OSBP_Inter-agency. Pearson Correlation	.489**	.366**	1	.685**
Sig. (2-tailed)	.001	.001		.000
N	295	295	295	295
Trade_facilitation.Pearson Correlation	.689**	.593**	.685**	1
Sig. (2-tailed)	.000	.000	.000	
N	295	295	295	295

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

Source: Author

4.5.2 Regression Analysis

The researcher also examined the combined effect of customs enforcement procedures, customs verification and release process and customs licensing process on trade facilitation performance at the port of Mombasa in Kenya. The results are presented in

4.5.3 Model Summary

Table 4.11: Coefficient of determination

R	R Square	Adjusted R Square	Std. Error of the Estimate
.851 ^a	.724	.702	1.753

Source: Author

a. Predictors: (Constant), Customs enforcement procedures, Customs verification and release process, Customs licensing process

b. Dependent Variable: Trade facilitation performance at the port of Mombasa in Kenya

The Table 4.10 above comprises information about the variance as explained by predictor variables. R is the multiple correlation coefficients between all the predictor variables which in this study are the Shared Infrastructure at the OSBP, Systems integration at the OSBP and the inter-agency cooperation at the OSBP. In order to determine the goodness of fit R Square is used, from the table below, the value is 0.724 indicating a 72.4% of the variance of dependent variable can be explained by the variables under study.

4.5.4 Analysis of Variance (ANOVA)

Analysis of Variance (ANOVA) was used to determine the overall significance of the model obtained from the study, a significance p-value of to establish the significance of

the regression model. In testing the significance level, the statistical significance is considered significant if the p-value is less or equal 0.05. The overall ANOVA results indicated that model was significant at $F=32.350$, $p = 0.000$. With a confidence level based at 95% therefore inferring a high reliability of the model. Results are shown in table 4.11 as shown below

Table 4.12: Analysis of Variance

Model		Sum of Squares	df.	Mean Square	F	Sig.
1	Regression	299.765	3	99.922	32.350	.000
	Residual	114.284	37	3.089		
	Total	414.049	40			

Dependent Variable: Trade Facilitation

Predictors: (Constant), Shared Infrastructure, OSBP Systems Integration, OSBP

Inter-agency Cooperation

Source: Author

4.5.5 Multiple Regression Analysis

The relationship between the independent and dependent variables was established after the multiple regression analysis was conducted.

Table 4.13: Multiple Regression Analysis

	Unstandardized		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1(Constant)	5.434	1.559		3.485	.000
OSBP_Infrastructure	.288	.072	.402	3.990	.000
OSBP_Systems	.284	.082	.328	3.473	.001
OSBP_Inter-agency coop	.244	.068	.369	3.606	.001

a Dependent Variable: Trade Facilitation

The general regression Model arrived at was $Y = 5.434 + 0.288X_1 + 0.284X_2 + 0.244X_3$

Where;

Y = Trade Facilitation

B₀ = Constant term, y intercept defined as level of trade facilitation when there is no OSBP

B₁, B₂, B₃ Coefficient explaining variables X₁, X₂ and X₃ respectively

X₁ = Infrastructure at the OSBP

X₂ = Integrated ICT Systems at the OSBP

X₃ = Risk based management initiatives

Trade facilitation in the model is affected by the OSBP as put in the model, therefore Trade facilitation (Y) = 5.434 + 0.288 Infrastructure + 0.284 Integrated ICT systems at the OSBP + 0.244 Risk Based Management initiatives. The model is significant as

supported by the p-values obtained in the above table; the p-value is 0.000 which less than the minimum acceptable significance values of $p < 0.05$

The Beta Coefficients in the regression model shows that all of the tested variables had positive relationship and statistically significant with p-values less than 0.05. The Y intercept of the regression model implies that trade facilitation is achieved even without the risk management initiatives, infrastructure at the OSBP and the use of integrated ICT Systems at the OSBP Therefore a 5.434.

From the findings of the model, a unit change of infrastructure at the OSBP will affect the facilitation of trade at LungaLunga border at a 28.8% positively.

Integrated ICT Systems at the OSBP also affects the trade facilitation with a 0.284 which is a 28.4% improvement on trade facilitation with a unit change in the integrated ICT Systems at LungaLunga OSBP.

A unit change in Risk based management initiatives will improve the trade facilitation by a 0.244 which is a 24.4% improvement on trade facilitation

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of the results of the findings from both the demographic analysis and the main summaries of the research, conclusions on the findings and recommendations for policy makers and other actors.

5.2 Summary of Findings

The purpose of the study was to determine the effect of one stop border posts on trade facilitation at Lunga Lunga- Horo Horo OSBP. The study aimed to determine why there was a laxity in the movement of commodities, passengers and business people several years after the launch of the OSBP. The questionnaires had a return rate of 74% making the findings satisfactory.

Findings from the demographic data show that a majority of people at the OSBP were male with 63.33% compared to female who had a response rate of 36.67%. A majority of the respondents were aged below 35 years at 86.66%. A majority of the respondents also had tertiary education i.e. had either acquired a college diploma, a degree or a master's degree at a cumulative percentage of 90%. The high literacy levels at the border post enabled accurate collection of data from the respondents who clearly understood the processes, infrastructure, technology and some history in the OSBP.

5.3 Conclusions

5.3.1 Shared Infrastructure

The adoption of the OSBP at Lunga Lunga- Horo Horo has a positive effect on trade facilitation however one major setback is that infrastructure has not been seamlessly interconnected between Kenya and Tanzania. One of the conspicuous features to come out of the findings of this research is that Government agencies from both countries are not housed in the same building. Business people and passengers are still suffering because operationalization of a common baggage hall has not been effected by both countries negating the gains that may accrue from establishment of OSBPs.

5.3.2 Systems Integration

Systems Integration at the OSBP also affects the trade facilitation with a 0.284 which is a 28.4% improvement on trade facilitation with a unit change in the integrated ICT Systems at Lunga Lunga OSBP.

5.3.3 Risk Management Initiatives at OSBP

The risk based management initiatives at the OSBP has an effect on the overall trade facilitation, therefore with a 24.4 improvement on the facilitation of trading activities at the OSBP when a unit change in Risk based management initiatives will improve the trade facilitation by a 0.244 which is a 24.4% improvement on trade facilitation.

5.4 Recommendations

The two neighboring countries should work quickly to operations of the OSBP by designating one area where the clearance should take place as agents from both countries are currently working in their own buildings making it tiring to get cleared.

5.5 Areas of Future Research

Integrating of policies from both countries: Some policies from Kenya are not adhered to in the neighboring country and vice versa and this has led to a lot of difficulties at the border particularly, when it comes to clearance of goods and services.

The study sought to examine the three objectives which are the effects of the OSBP on Trade facilitation, from the Coefficient of determination R^2 to explain relationship between infrastructure, integrated ICT and risk Management initiatives indicating a 72.4% of the variance of trade facilitation can be put forth by the variables under study.

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APPENDICES

APPENDIX I: INTRODUCTORY LETTER

Maryam Abubakar Swaleh

P.O B 2393-80100 Mombasa

22nd June 2020

TO WHOEVER IT MAY CONCERN

The above named person is a bonafide student of the University of Nairobi enrolled under Master of Arts degree in International Studies the purpose of this letter is to request for your permission to carry out research in your organization for academic purposes only. The research will be carried out with utmost professionalism and treated with high levels of confidence.

Yours Faithfully

Maryam Abubakar Swaleh.

APPENDIX II: QUESTIONNAIRE

EFFECT OF OSBPs ON TRADE FACILITATION AT THE LUNGA-LUNGA HORO-HORO BORDER CROSSING

SECTION A: DEMOGRAPHIC INFORMATION

1. Gender: Male { } Female { }
2. Please indicate your role at the OSBP Border

Government Official or Border Agency { } Importer/exporter { } Transporter { }
 Cross Border Trader { }

3. Nationality

4.Highest Educational Qualification	Tick
Primary	
Secondary	
Diploma	
Bachelor’s degree	
Post Graduate	
Other (please specify)	

5.Position in the border post	Tick
Top Management	
Mid-level Management	
Functional Level	

6.Number of years worked in the border post	Tick
0-5	
6-10	
11-15	
Over 15 years	

SECTION B: SYSTEMS INTEGRATION

How much do you agree with the following statements?

1=strongly disagree 2=disagree 3=neutral 4=agree 5=strongly agree

	1	2	3	4	5
At border post, all clearance processes use technology					
Electric systems used at the border post are efficient in easing access of information					

Citizens/customers can serve themselves from their smartphones/PCs					
ICT Systems at the border posts are effective with minimal downtimes					
There is a seamless interlink between the systems implored by Kenya and Tanzania					

SECTION C: SHARED INFRASTRUCTURE

How much do you agree with the following statements?

1=strongly disagree 2=disagree 3=neutral 4=agree 5=strongly agree

	1	2	3	4	5
The infrastructure at the OSBP is designed to ease information sharing between all shareholders.					
All structures are friendly to all customers					
There is easy and structured navigation in and around the OSBP					
There is cohesion when it comes to centralized clearance of people and goods from both sides					
There are enough structures to accommodate all government operatives					

SECTION D: INTER-AGENCY CO-OPERATION

How much do you agree with the following statements?

1=strongly disagree 2=disagree 3=neutral 4=agree 5=strongly agree

	1	2	3	4	5
There is a collaborative cross functional team approach at the border post in risk management					
The border agencies share information on illicit activities at the border					
The border agencies conduct joint verification of goods					
There exists an active joint border management committee					
There exists a fora and or platforms for border agencies and stakeholders to engage					

SECTION E: TRADE FACILITATION

How much do you agree with the following statements?

1=strongly disagree 2=disagree 3=neutral 4=agree 5=strongly agree

	1	2	3	4	5
Infrastructure has improved speed and service delivery at the OSBP					
The use of Integrated ICT Systems at the OSBP has improved on the speed of clearance at the OSBP					
Risk based management initiatives have been paramount in reducing transit time					
The OSBP operation improved the trading at the borders					
Cost have greatly reduced since the OSBP was initiated					