

**ASSESSMENT OF THE CHALLENGES BEHIND THE INEFFECTIVE  
CUSTOMS CLEARANCE OF GOODS AT SEA PORT THE CASE STUDY OF  
MEDICAL STORES DEPARTMENT DAR ES SALAAM**

**CHARLES MSUKA SHEPA**

**A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT FOR THE  
REQUIREMENT FOR THE DEGREE OF MASTERS IN BUSINESS  
ADMINISTRATION LOGISTICS AND TRANSPORT MANAGEMENT IN THE  
OPEN UNIVERSITY OF TANZANIA**

**CERTIFICATION**

We, the undersigned certify that we have read and hereby recommend for acceptance by the Open University of Tanzania a dissertation entitled “Assessment of the Challenges Behind the Ineffective Customs Clearance of Goods at Sea Port” the Case Study of Medical Stores Department, Dar Es Salaam

.....

**Dr. Salum Soud Mohamed**

(Supervisor)

Date .....

**DECLARATION**

I, Charles Msuka Shepa, Certify and declare that this research report is the work of my own in its origin and has not been presented anywhere and will not be presented to any other institution for any award.

.....

Signature

.....

Date

## **COPYRIGHT**

No part of this dissertation may be reproduced, stored in any retrieval system or transmitted in any form by any means, electronic, mechanical, photocopying, recording or otherwise without prior written permission of the author or the Open University of Tanzania in that behalf.

**DEDICATION**

This report is dedicated to my wife Amanda, my sons Yohana and Elias, and to my daughter Tabitha.

## **ABSTRACT**

The study was about the Challenges behind Ineffective Customs Clearance of Goods at Sea Port a case study of Medical Stores Dar Es Salaam. Most of the drugs and medical supplies are procured by MSD from oversea suppliers through international tenders as per threshold set by PPA, 2004. All imported goods are subject to customs clearance at the port of entry in every destination country. Delay in customs clearing of goods causes to emerge and increase of demurrage costs and lack of essential drugs. Basing on the fact that the main objective of each organization is cost reduction and profit maximization, the situation at MSD contravened this fact, the researcher ought to assess the existing challenges in clearing process leading to the increasing of costs through such delays. The Research methodology concerned about data collection where the researcher was applying systematic approaches in data collection so as come up with the specific findings. The researcher used both qualitative and quantitative methods to find the challenges behind ineffective customs clearance activities of sea port consignments. The study used 33 respondents using purposive and convenience sampling techniques, and methods of data collection (primary data and secondary data) as tables were drawn by used special program known as SPSS. The findings revealed that, among major challenges come as the results of clearance procedures in Tanzania being too long, surrounded with corruption environment due to multiple documentation requirements, and the procedures are neither transparent enough nor documented. At MSD, it was revealed that there is small number of clearing staffs compared to the tasks and the long payment procedures were some source of the problems. Basing on the findings, it was recommended that, MSD should increase the number of clearing staffs and should consider using pre-payment procedures by depositing amount of money in advance to ease clearing process.

## ACKNOWLEDGEMENT

This study was not an easy task for the researcher who faced many constraints in terms of time limitations and financial but to this end he wishes to thank everybody who in one way or another participated in completion of the study and finally compiling of this report. Only few among the number of people were mentioned in this report but by this acknowledgement wishes to say “I were overwhelmed with your notable contributions, stay blessed!”

The first gratitude is extended to God for good health and grace availed to me and my family at the whole period of the study.

Second is to Dr. Salum Soud Mohamed (OUT), the research supervisor for the guidance and corrections he made during the whole session of my study; I appreciate that the Open University of Tanzania is well represented by this professional.

Special thanks are extended to various people within and out of MSD for material support they provided to enable this study successful. From MSD, I sincerely appreciate Mr. Missanga muja, Benson kitembe, Mr. Kiwango, Lawrent Ulomi for their assistance on this study. Alfian Mgandilwa (TANESCO), Leandry Ngowi (TRA) and Mr. Godfrey Katimo (TPA) for their support towards this end.

For all I say, God bless you!

## TABLE OF CONTENTS

<b>CERTIFICATION.....</b>	<b>ii</b>
<b>DECLARATION .....</b>	<b>iii</b>
<b>COPYRIGHT.....</b>	<b>iv</b>
<b>DEDICATION .....</b>	<b>v</b>
<b>ABSTRACT .....</b>	<b>vi</b>
<b>ACKNOWLEDGEMENT .....</b>	<b>vii</b>
<b>LIST OF TABLES.....</b>	<b>xiii</b>
<b>LIST OF FIGURES.....</b>	<b>xiv</b>
<b>LIST OF APPENDICES .....</b>	<b>xv</b>
<b>LIST OF ABBREVIATIONS.....</b>	<b>xvi</b>
<b>CHAPTER ONE .....</b>	<b>1</b>
<b>1.0 INTRODUCTION .....</b>	<b>1</b>
1.1 Background of the Problem.....	1
1.2 Statement of the Research Problem.....	2
1.3 Objectives of the Study.....	3
1.3.1 General Objective .....	3
1.3.2 Specific Objectives .....	3
1.4 Research Questions .....	3
1.4.1 General Question .....	3
1.4.2 Specific Questions.....	3
1.5 Significance of the Study.....	4
1.6 Scope of the Study .....	4
1.7 Organization of the Study.....	4



<b>CHAPTER TWO .....</b>	<b>6</b>
<b>2.0 LITERATURE REVIEW .....</b>	<b>6</b>
2.1 Introduction.....	6
2.2 Conceptual Definitions .....	6
2.2.1 International Logistics .....	6
2.2.2 A bill of Lading .....	7
2.2.3 Procuring Entity.....	8
2.2.4 A Commercial Invoice.....	8
2.2.5 Challenge .....	9
2.2.6 Customs Clearing .....	9
2.3 Theoretical Literature Review .....	9
2.3.1 Clearing Agent.....	9
2.3.2 Theories Governing Customs Clearance of Goods .....	11
2.3.3 Customs and Excise Department.....	12
2.3.4 Other Logistical Costs .....	12
2.3.5 Terms of Sale and Shipment.....	13
2.3.6 Guideline for Tanzania Importation .....	15
2.3.7 Import Declaration Form (IDF) .....	16
2.3.8 The Details Required From Oversea Supplier.....	16
2.3.9 Destination Inspection (DI) in Tanzania.....	16
2.3.10 Destination Inspection (DI) Process .....	17
2.3.11 Customs Communication.....	19
2.3.12 Brief Track of Clearing Procedures in Tanzania .....	19
2.3.13 Transportation Infrastructure .....	20
2.3.14 Customer Service Management.....	22
2.3.15 Customs Clearing and its Challenges in Africa.....	23

2.4 Empirical Review .....	23
2.4.1 Studies From Tanzania .....	23
2.4.2 Study from Africa .....	24
2.4.3 Studies from EU Countries and Asia.....	25
2.5 Research Gap .....	25
2.6 Conceptual Framework.....	26
2.7 Theoretical Framework.....	27
<b>CHAPTER THREE.....</b>	<b>29</b>
<b>3.0 RESEARCH METHODOLOGY .....</b>	<b>29</b>
3.1 Introduction.....	29
3.2 Research Paradigm .....	29
3.3 Research Design .....	30
3.4 Area of the Study .....	31
3.5 Types of Measurement .....	32
3.5.1 Measurement Scales .....	33
3.6 Population and Sample Size .....	33
3.7 Systematic Sampling Procedures for Documents.....	34
3.7.1 Purposive Sampling Procedures .....	34
3.7.2 Convenience Sampling Procedures .....	35
3.8 Sources of Data.....	35
3.8.1 Primary Data .....	36
3.8.2 Secondary Data .....	36
3.9 Data Collection Tools .....	36
3.9.1 Interview .....	36
3.9.2 Observation.....	37

3.9.3 Questionnaire .....	37
3.10 Validity and Reliability.....	38
3.10.1 Validity .....	38
3.10.2 Reliability .....	39
3.11 Data Management and Analysis .....	39
<b>CHAPTER FOUR .....</b>	<b>41</b>
<b>4.0 DATA ANALYSIS, PRESENTATION AND DISCUSSION OF FINDINGS .....</b>	<b>41</b>
4.1 Introduction.....	41
4.2 The Demographic Characteristics of Respondents.....	41
4.2.1 Gender of Respondents.....	41
4.2.2 Respondent's Age .....	42
4.2.3 Education Level Attained by the Respondents.....	43
4.3 The Practice of Preparation and Clearance Procedures of Imported Drugs and Medical Supplies from Dar Es Salaam Sea Port to MSD .....	44
4.3.1 MSD Qualification of Staff in Relation to Clearing Activities .....	44
4.3.2 Ways of Communication if Consignment is Temporary Stored at a Particular ICD	45
4.3.3 Optimum Preparations for Clearance of Imported Goods .....	47
4.3.4 Duration in Most Cases to clear Pharmaceutical and Related Shipping from Period Entry .....	48
4.4 The Common Causes of Deliverance Delay of Goods from Sea Port to MSD.....	49
4.4.1 Process and Procedures set by the Government Contribute to the Increase of clearing Time .....	49
4.4.2 The Management of MSD Provides the Required Level of Support to Clearing Staff in Daily Activities .....	51
4.4.3 Tanzania Port Authority off-load the Company Cargoes from Vessel Timely .....	52

4.4.4 Introduction of Electronic Clearing and Forwarding Contribute to the Delay of Clearing Goods Port of Entry .....	53
4.4.5 Introduction of Tanzania Inter-bank Settlement System (TISS) for the Transactions Increased the Clearing Delay time of Cargo from Sea Port .....	54
4.4.5 The Experience of MSD Staff in Past 12 Months on Customs Clearing Delay at Sea Port .....	55
4.4.6 Experience of Unreasonable Sources of Clearance Delay .....	57
4.5 The Impacts of Delayed Customs Clearing of goods from Sea Port to MSD Operations .....	59
4.5.1 MSD is Affected by Delay of Deliveries from Port .....	60
<b>CHAPTER FIVE .....</b>	<b>64</b>
<b>5.0 SUMMARY, CONCLUSION AND RECOMMENDATIONS .....</b>	<b>64</b>
5.1 Introduction.....	64
5.2 Summary of the Major Findings.....	64
5.3 Conclusion .....	66
5.4 Recommendations.....	67
5.5 Implications of the Study.....	68
5.5.1 Policy Implications .....	68
5.5.2 Implications to Decision Makers .....	69
5.6 Limitations of the Study .....	69
5.7 Area for Further Study.....	70
REFERENCE .....	71
APPENDICES .....	74

## LIST OF TABLES

Table 3.1 Sample Size .....	33
Table 4.1: Gender of Respondents.....	42
Table 4.2: Age of Respondents.....	43
Table 4.3: MSD Qualification Staff in Relation to Clearing Activities .....	45
Table 4.4: Ways of Communication if Consignment is Temporary Stored at a Particular ICD.....	46
Table 4.5: Optimum Preparations for Clearance of Imported Goods.....	47
Table 4.6: Tanzania Port Authority off-load the Company Cargoes from Vessel Timely .	52
Table 4.7: Introduction of Electronic Clearing and Forwarding Contribute to the Delay of Clearing Goods Port of Entry.....	53
Table 4.8: Introduction of Tanzania Inter-bank Settlement System (TISS) for the Transactions Increased the Clearing Delay time of Cargo from Sea Port .....	54
Table 4. 9: The Experience of MSD Staff in Past 12 Months on Customs Clearing Delay at Sea Port .....	55
Table 4.10: Experience of Unreasonable Sources of Clearance Delay .....	57
Table 4.11: MSD is Affected by Delay of Deliveries from Port.....	60

**LIST OF FIGURES**

Figure 2-1: Conceptual Framework.....	26
Figure 4-1: Education Level Attained by the Respondents.....	43
Figure 4.2: Duration in Most Cases to clear Pharmaceutical and Related Shipping from Period Entry .....	48
Figure 4.3: Process and Procedures set by the Government Contribute to the Increase of clearing Time .....	50
Figure 4.4: The Management of MSD Provides the Required Level of Support to Clearing Staff in Daily Activities .....	51

## **LIST OF APPENDICES**

Appendix I: Invoice for Demurrage Charges from Pil (Tanzania) Limited

Appendix II: First Invoice for Demurrage Charges from Tanzania Road Haulage (1980)  
LTD

Appendix III: Second Invoice for Demurrage Charges from Tanzania Road Haulage  
(1980) LTD

Appendix IV: Questionnaire

Appendix V: Clearing Period as per USAID Report

Appendix VI: Constraints and Challenges of Clearing in EU and Former Soviet sub-  
Regions

## LIST OF ABBREVIATIONS

ACV	–	Agreement of Customs Valuation
A-PAD	-	Assessed Pre-Arrival Declaration
B/L	–	Bill of Lading
BoT	-	Bank of Tanzania
CRM	-	Customer Relationship Management
CVR	–	Classification Valuation Report
DF	-	Director of Finance
DL	-	Director of Logistics
DO	-	Delivery Order
DTI	–	Destination Inspection Scheme
EDI	-	Electronic Data Interchange
EU	-	European Union
GATT	-	General Agreement on Tax and Trade
GC	-	government Chemist
ICB	-	International Competitive Bidding
ICC	-	International Chamber of Commerce
ICD	-	Inland Container Depot
IDF	-	Import Declaration Form
IFR	-	Internal Findings Report
INCOTERM	-	International Commercial Terms
LC	-	Letter of Credit
MOHSW	-	Ministry of Health and Social Welfare
MSD	-	Medical Stores Department
NEMC	-	



NPA	-	Nigeria Ports Authority
PCVR	-	Provisional Classification Valuation Report
PFA 2001	-	Public Financial Act of 2001
PI	-	Proforma Invoice
PMAESA	-	Port Management Association of Eastern and Southern Africa
PPA 2004	-	Public Procurement Act No. 21 of 2004
P-PAD	-	Pre Arrival Declaration
SBE	-	Single Bill of Entry
TANESCO	-	Tanzania National Electric Supply Company
TICTS	-	Tanzania International Container Terminal Services Ltd
TISS	-	Inter-bank Settlement System
TRA	-	Tanzania Revenue Authority
USAID	-	United States Agency for International Development
VAT	-	Value Added Tax

## CHAPTER ONE

### 1.0 INTRODUCTION

#### 1.1 Background of the Problem

All imported goods are subject to customs clearance in every destination country. Importers and exporters are required to find out in advance the clearance requirement at destination country and prepare plans to fulfill them. Despite the preparations made by clearing officers at MSD, still deliverance of goods from port to the company warehouse is frequently delayed.

Most of the drugs and medical supplies procured by MSD are found in national catalogue and need to be found in shelf by customers whenever they require them but frequently they are found out of stock and the reasons behind also is clearing delay from sea port. Delay in deliverance as well causes to emerge and increase of demurrage costs due to delayed returnable containers (*Appendix I & II*). Kanyika (2007) saw that the effect of out of stock contributes to customers' negativity to the company image, and may lead the customer to switch to another store completely.

Being one of the reasons for lack of essential drugs and increasing operational costs, the researcher was motivated to find the reasons as to why do MSD experience such frequent clearing delay in spite of having shipping documents in advance to enable preparation and ultimately clearance of goods. The researcher after studying various reports of the studies conducted at MSD opted to conduct a study on "Assessment of the Challenges behind the Ineffective Customs Clearance of Goods at Sea Port" chose Medical Stores Department in Dar Es Salaam as a case study.

## **1.2 Statement of the Research Problem**

MSD Through procurement it is where the entities obtain goods and services at required level, with right quality, at right price, delivered at right place within right time; Besterfield et al (2003). MSD uses International Competitive Bidding in procurement of most drugs as the threshold set by PPA (2004) based on the estimated tender value. Through these contracts, clearing of goods is inevitable task. The company is frequently paying a lot of its funds to shipping lines as demurrage costs (*Appendix I & II*) and despite the costs paid still delay of deliverance of goods to the MSD warehouses causes to increasing stock-out problems of important drugs.

Generally, the problem addressed in this study is, to find the facts within MSD and possibly through TRA and TPA on the areas that pose most of the challenges in clearing of imported goods; and to provide expertise opinion on recurring phenomenon. The challenges that MSD encounters in clearing of drugs, lead further to increasing challenges in provision of health services from government and special hospitals all over the country especially on the absence of essential drugs at MSD. MSD is the only organization mandated with procuring, storage and distribution of those drugs to public hospitals, special hospitals and other users who are authorized to use its services.

With such circumstances the researcher had the opinion in this study to assess the challenges facing public sector in clearance of imported goods through sea port and their impacts to the overall operations at MSD. The study intended to identify the core delaying factors at MSD, such that if these problems addressed might render the host company and government to set appropriate measures to counter problems hence eliminate the problems of stock-out at MSD as frequently reported by Tanzania media.

### **1.3 Objectives of the Study**

#### **1.3.1 General Objective**

To Assess the Challenges behind Ineffective Customs Clearance of Goods at Sea Port a case study of Medical Stores Dar Es Salaam.

#### **1.3.2 Specific Objectives**

- a. To describe the practice of preparation and clearance procedures of imported drugs and medical supplies from Dar Es Salaam Sea Port to MSD
- b. To find the common causes of deliverance delay of goods from sea port to MSD
- c. To assess the impacts of delayed customs clearing of goods from Sea Port to MSD operations
- d. To identify measures to be taken by the MSD management to improve clearing of goods at ports

### **1.4 Research Questions**

#### **1.4.1 General Question**

What Challenges Medical Stores Department Dar Es Salaam is facing behind Ineffective Customs Clearance of Goods at Sea Port?

#### **1.4.2 Specific Questions**

- a. What is practiced at MSD in preparation and the procedures for clearance of drugs and medical supplies from Dar Es Salaam sea port?
- b. Which are the common causes of deliverance delay of goods from sea port to MSD ?
- c. What impacts do MSD experience in operations from delayed customs clearing of goods from Sea Port?

- d. What are the measures should be taken by MSD management to improve clearing of goods at ports

### **1.5 Significance of the Study**

This study have provided the OUT with relevant data that will guide other researchers to develop new studies

The study will earmark the areas with challenges leading to late deliverance of drugs from Dar Es Salaam Sea Port to MSD and thus pave a way for them to device measures to counter their existing problems

At the end of the study the researcher will suggest the measures to deal with clearing delay problems.

The findings of this study are expected to stimulate MSD management to be proactive to sensitive issues rendering unnecessary costs to the operations.

### **1.6 Scope of the Study**

The research was conducted as a case study at the Medical Stores Department (MSD)in Dar Es Salaam whereby much concentration based in Clearing Sections because it is the core section dealing with clearing of goods from sea port, airport and from inland frontiers. The study was delimited with clearing of goods imported through sea port. Occasionally the study touched warehouse section being the next to be handed over the goods before customers, to find the extent of which delay in clearing of goods have effects to MSD operations.

### **1.7 Organization of the Study**

This study is composed of five chapters. The first chapter consists of the background of the research problem, statement of the problem, research questions, objectives of the

study, significance of the study, scope of the study and organization of the study. The second chapter gives in description the literature review which appears into theoretical and empirical literature review to picture the nature of the study. The third chapter describes the research type, area and population of the study, sample type and size, data collection methods, type of data and schedule of activities. Chapter four provides the findings from the host company and the analysis of facts to cater the requirement of the research questions and meeting the objectives of the study. Chapter five is the last chapter where the study drew conclusion and recommendations of the study, the implications of policy makers, limitations of the study and finally the area for further study.

## **CHAPTER TWO**

### **2.0 LITERATURE REVIEW**

#### **2.1 Introduction**

This part explains the theoretical and empirical concepts of the procedures; the chapter starts with definitions of key term, procedures, and the factors for clearance delay in developing countries and the improvements some developed and developing countries have done to improve import and export procedures. In general, the study tries to focus and highlight on the important issues and/or aspects of importation in which clearing of goods is a must. Therefore the study in this part attempts to point out the significance and the relationship of the concepts and practices. The issues covered are the definitions and details on sea port cargoes, logistics, transportation and various transactions taken by trading parties residing in different countries.

#### **2.2 Conceptual Definitions**

##### **2.2.1 International Logistics**

Czinkota et al (2002) defined International logistics as design and management of a system that controls the flow of materials into, through, and out the international corporation. It encompasses the total movement concept by covering the entire range of operation concerned with goods movement, including therefore both exports and import simultaneously. By taking a systems approach, the firm explicitly recognizes the links among the traditionally separate logistics components within and outside of a corporation. By incorporating the interaction with outside organizations and individuals such as suppliers and customers, the firm is able to build on jointness of purpose by all partners in the areas of performance, quality, and timing. Two major phases in the movement of materials are of logistical importance. The first phase is materials management, or the

timely movement of raw materials, parts, and supplies into and through the firm. The second phase is physical distribution, which involves the movement of the firm's finished product to its customers. In both phases, movement is seen within the context of the entire process. The basic goal of logistics management is the effective coordination of both phases and their various components to result in maximum cost effectiveness while maintaining service goals and requirements.

In order for the system concept to work, information flows and partnership trust are instrumental. Logistics capability is information dependent, since information availability influences not only the network planning process but also the day-to-day decisions that affect performance. Long-term partnership and trust are required in order to forge closer links between firms and managers. An abuse of power is the fastest way to build barriers to such links.

### **2.2.2 A bill of Lading**

Czinkota et al (2002) defined bill of lading as a contract between the exporter and the carrier indicating that the carrier has accepted responsibility for the goods and will provide transportation in return for payment. The bill of lading can also be used as a receipt and to prove ownership of the merchandise. There are two types of bills, negotiable and non-negotiable. Straight bills of lading are non-negotiable and are typically used in prepaid transactions. The goods are delivered to a specific individual or company. Shippers order bills of lading are negotiable; they can be bought, sold, or traded while the goods are still in transit and are used for letter of credit transactions. The customer usually needs the original or a copy of the bill of lading as proof of ownership to take possession of the goods.



### **2.2.3 Procuring Entity**

Procuring entity means a Public Body and any other body or unit established and mandated by the Government to carry out public functions (PPA 2004). This means that it is any public institution which has been instituted by law and uses public funds to carry out procurement activities and the

### **2.2.4 A Commercial Invoice**

Branch (2008) defines Commercial Invoice as a bill for the goods stating basic information about the transaction, including a description of the merchandise, total cost of the goods sold, addresses of the shipper and seller, and to arrange payment terms. The buyer needs the invoice to prove ownership and to arrange payment. Some governments use the commercial invoice to assess customer duties. Packing List as defined by Branch (2005), is a mandatory document that carries the details of the shipment, dimensions in terms of weight and volume, shipping marks on all the cargo, covering each and every individual piece or parcel. The packing list is used to identify the parcels as belonging to the particular consignment under the said invoice.

Certificate of Origin according to Czinkota et al (2002), this is a document used to prove if the consignment originates within the countries with bilateral or multilateral relationship where the parties enjoy favourable tariffs for import duties. Based on this certificate the customs department of the importing country classifies the cargo under specific schedule. Also, the certificate helps the exporting and importing country to avoid duty, quantity and license restriction.

Berth is a sufficient space for a ship to maneuver; a space for a ship to dock or anchor during lay time, Hornsby (2009). Customs Duty – A tax levied on goods transported from

one jurisdiction to another, especially on tax imported from a foreign country. Customs duties in the modern sense of these terms are public taxes on the goods crossing borders of a territory. The import and export duties are collectively termed as customs duties, Gupta (2005)

### **2.2.5 Challenge**

Challenges is difficulty in a job or undertaking that is stimulating to the one engaged in it; also it is something that needs a lot of skills energy and determination to deal with or achieve especially something you have never done before and will enjoy doing it. It is situation of being faced with) something needing great mental or physical effort in order to be done successfully and which therefore tests a person's ability; Available from, Hornsby (2009).

### **2.2.6 Customs Clearing**

Customs clearance is sometimes referred as Customs Brokerage; it is a profession that involves the clearing of goods through customs barriers for importers and exporters. It involves the preparation of documents and / or electronic submissions, the calculation and payment of taxes, duties, and excises; and facilitating communication between government authorities and importers and exporters. McLinden (2005)

## **2.3 Theoretical Literature Review**

### **2.3.1 Clearing Agent**

Clearing agent is a one who prepares the bill of entry which is the main document on which the customs approves the valuation and clearance. With standardized INCOTERMS the documents are prepared in advance as soon as the consignment is dispatched from the country of origin, the bill of entry along with the commercial documentation and shipping

documents are prepared electronically from the clearing agent's office and then submitted to the customs department. Customs department carries out physical inspection of consignment after arrival for valuation of imports to ascertain description of items, classification of items according to relevant customs chapter and tariff, and ascertaining that there is no case of under or over invoicing. The importer through the customs agent has to clear the consignment through the free period which normally varies for three to seven days, beyond this period a demurrage would be charged on the consignment for all days up to the time of actual delivery. Goods can be disposed off if not cleared from port within thirty days. McLinden (2005)

In Nigeria for example, in order to enhance maritime sector and ports operations, the federal government introduced a port reform package in 1996. In response to this initiative the management of port authority of Nigeria took immediate step to streamline and simplify clearing processes through:-

- a. Computerizing of billing system
- b. Unification of documents
- c. Change of procedures for shipping and clearing of goods
- d. Guaranteed the vessels to have berthing facility on arrival (no queue)

The procedures are somehow simplified compared to other developing countries. The main player document after the bill of entry is a Delivery Order (DO). The importer or agent takes import documents to Nigeria Ports Authority (NPA) for planning and confirming appropriate arrival date and the specific allocated berth; then completes the bill of entry (BE) registering it with the customs office. A blank a Delivery Order from (DO) from shipping company is issued after crosschecking to the details in the shipping manifest and the BE; after the DO is completed by the importer or agent is submitted back

to the shipping company. The shipping company on satisfaction of the details filled in the DO by the importer endorses it while withdrawing the original bill of lading from the consignee. Thereafter, the lower portion of the DO is detached and handed back to the importer as evidence of shipping company release.

The main body of the DO is sent to marketing department of the Nigeria Ports Authority (NPA) where all necessary billing are raised through computerized system; the bills are then vetted by auditors and payments effected through banks.

Firstly, is cargo handling equipments for containers and general cargoes available all time and are in good condition

Secondly, Six days free storage period allowed for importers from last day when ship discharge completed.

### **2.3.2 Theories Governing Customs Clearance of Goods**

Valuation Theory (Article VII - GATT 1994)

In order to assist the Government of Tanzania to collect the correct amount of import duties and taxes, Customs and Excise Department determines the dutiable value of the goods declared. To do so, TRA follows the provisions of the Implementation of Article VII - GATT 1994, known as Agreement on Customs Valuation (ACV). The computation of the import duties and taxes payable base on this value in the Provisional Pre-Arrival Declaration (P-PAD) and on the Assessed Pre-Arrival Declaration (A-PAD) both being processed electronically. The A-PAD aims at providing the importer and his Clearing & Forwarding Agent with a right of appeal against the assessments performed by TRA. Duties and Taxes of imports into Tanzania are computed from the Cost Insurance and Freight (CIF) value of the goods for all modes of transport, except for shipments by air which are computed from the Free on Board (FOB) value.

### **2.3.3 Customs and Excise Department**

Customs and Excise Department is one of TRA departments formed under TRA act No. 11 of 2005 with the objectives of customs transformation into modern customs administration. The types of taxes administered by this department include import duty, excise duty, VAT on imports and fuel levy. Import Duty: This is the duty levied on CIF value of goods imported to the country under the current three tariff bands 0%, 10%, and 25% rates applied for capital goods, intermediary goods and for finished goods. Excise Duty on imports: this is levied in seven items each having its own tax rate. The items are beer, soft drinks, cigarettes, salon and station wagon cars with engine capacity exceeding 2000cc, plastic shopping bags, wine, mineral water, spirits and petroleum products. VAT on Imports: The value added tax is levied on all imported goods except for the ones exempted by the VAT Act of 2007. Fuel Levy : this is tax levied on importation of petroleum imported into the country.

### **2.3.4 Other Logistical Costs**

Czinkota et al (2002) contended that, Logistics costs comprise between 10 and 30 percent of the total landed costs of an international consignment. International firms already have to achieve many of the cost reductions that are possible in financing and production, and are now using international logistics as a competitive tool. The environment facing logistics managers in the next ten years will be dynamic and explosive. Technological advances and progress in communication systems and information-processing capabilities are particularly significant in the design and management of logistics systems. Logistics and supply-chain management increasingly are the key dimensions by which firms distinguish themselves internationally. Given the speed of technological change and the efficiency demands placed on business competitiveness, will depend on the logistics function in which clearing is the one.

### **2.3.5 Terms of Sale and Shipment**

According to Mrope (2005), the responsibilities of the buyer and seller should be spelled out as they relate to what is and what is not included in the price quotation and when ownership of goods passes from seller to buyer. INCOTERMs are the internationally accepted standard definitions for terms of sale whose abbreviation stand for International Commercial Terms set by International Chamber of Commerce (ICC).

INCOTERMs provide common understanding through rules set to clarify Responsibilities of sellers & buyer for delivery of goods under the contracts of sale. They apportion transportation costs and the responsibilities associated with delivery of goods to the destination effectively. The basis of the price quotation depends on the correct interpretations of the INCOTERMS which determines the following:-

- i. Charges paid by the seller
- ii. Charges paid by the buyer
- iii. The place where delivery take place.

According to Branch (2008) and Czinkota et al (2002), discusses some of the INCOTEMS as follows hereunder; Free Carrier (FCA) named inland point, applies only at a designed inland shipping point. The seller is responsible for loading goods into the means of transportation; the buyer is responsible for all subsequent expanses. If a port of exportation is named, the costs of transporting the goods to the named port are included in the price.

Ex-Work (EXW) applies at the point of origin and the seller agrees to place the goods at the specified premises such as factory, warehouse; and the buyer (importer) bears the full costs and risks of the goods from the point of acceptance at the specified premises until they reach their destination thereby particularly embracing insurance and freight charges.

Free Alongside Ship (FAS) at a named port of export means that the exporter quotes a price for the goods, including charges for delivery of the goods alongside a vessel at the port. The seller handles the cost of unloading and wharfage; loading, ocean transportation, and insurance are left to the buyer.

Free on board (FOB) applies only to vessel shipments. The seller quotes a price covering all expenses up to, and including, delivery of goods on an overseas vessel provided by or for the buyer. Under Cost and Freight (CFR) to a named overseas port of import, the seller quotes a price for the goods, including the cost of transportation to the named port of debarkation. The cost of insurance and the choice of insurer are left to the buyer.

With Cost Insurance and Freight (CIF) to a named overseas port of import, the seller quotes a price including insurance, all transportation, and miscellaneous charges to the point of debarkation from the vessel. If other than waterway transport is used, the terms are CPT (carriage paid to) or CIP (carriage and insurance paid to). With Delivered Duty Paid (DDP), the seller delivers the goods, with import duties paid, including inland transportation from import point to the buyer's premises. With this term only the destination customs duty and taxes are paid by the consignee. Ex-works signifies the maximum obligation for the buyer; delivered duty paid puts the maximum burden on the seller.

Careful determination and clear understanding of terms used, and their acceptance by the parties involved, are vital if subsequent misunderstandings and disputes are to be avoided not only between the parties but also within the marketer's organization. Delivery at Terminal (DAT), These terms are powerful and competitive tools in international logistics.

### **2.3.6 Guideline for Tanzania Importation**

Tanzania has introduced formal procedures to be taken into consideration on importation of goods. The document describes the procedures that have to be followed and it states what is required at different stages. The guidelines provided must be cautiously and timely followed up to avoid delays in shipment of goods which will consequently result of late clearance and delivery of the goods to the final customer. The supplier can be held responsible for any additional costs incurred on shipment due to non-compliance of the import procedures. Increasingly, exporters are quoting more inclusive terms. The benefits of taking charge of the transportation on either a CIF or DDP basis include

Exporters can offer foreign buyers an easy-to-understand “delivered cost” for the deal, as the exporter will be highly involved up to the premise of the importer, By getting discounts on volume purchases for transportation services, exporters cut shipping costs and can offer lower overall prices to prospective buyers, Control of product quality and service is extended to transport, enabling the exporter to ensure that goods arrive to the buyer in good condition; and administrative procedures are cut for both the exporter and the buyer.

When taking control of transportation costs, however, the exporter must know well in advance what impact the additional costs will have on the bottom line. If the approach is implemented incorrectly, exporters can be faced with volatile shipping rates, unexpected import duties, and restive customers. Most exporters do not want to go beyond the CIF quotation because of uncontrollable and unknowns in the destination country. Whatever terms are chosen, the program should be agreed to by the exporter and the buyer (s) rather than imposed solely by the exporter. The exporter should therefore learn what importers usually prefer in the particular market and what the specific transaction may require. An



inexperienced importer may be discouraged from further action by quoting such as ex-plant terms than CIF to avoid the importer to handle the remaining costs and high involvement in unfamiliar environment. (Mrope 2005)

### **2.3.7 Import Declaration Form (IDF)**

All imports to Tanzania require an Import Declaration Form (IDF). When the importer in Tanzania applies for an IDF, the information to be filled out on the application is to be provided by the supplier together with a Proforma Invoice. Following information is required on the Proforma Invoice to facilitate accurately application of IDF.

### **2.3.8 The Details Required From Oversea Supplier**

There must be clear specifications and description of the quantity and quality of the goods. It needs clear description of goods so that duties can easily be calculated during clearing process, Free on Board (FOB) Value; this is particular requirements of Tanzania that DI is calculated from FOB value of the item; and Freight Value (if applicable). The consignment value is the total value of purchase and ordering costs (Mrope 2005). Freight value is among ordering costs concerned with carriage of the consignment. Others are Customs Harmonised Commodity Code which is standardized number of customs coded for each item; Currency of the payment is very essential to be put in shipping documents; and mode of transport; and mode of transport. Lastly, the Goods Certificate of Origin and Proforma Invoice number and final invoice number and value must read the same.

### **2.3.9 Destination Inspection (DI) in Tanzania**

The Tanzania Revenue Authority mandated that effectively from July 1<sup>st</sup>, 2004 all imports into Tanzania would be subject to Destination Inspection in at Tanzania Revenue Authority (TRA). The successful DI report is followed by clearance of the required

payments as per valuation, and the clearance will render to release of goods from government bonds. The main objective of the Tanzania DIS is to facilitate trade while maximizing Customs Revenue Collection.

The key objectives of DI in Tanzania are as follows

- i. To verify the quality and quantity of imports
- ii. To assist Customs with the collection of the correct amounts of duties and taxes
- iii. To provide Customs with an independent opinion of the Dutiable Value for Customs purposes.
- iv. To verify the accuracy of tariff codes classifications
- v. Computation of the correct duties and taxes payable
- vi. To provide the Government of Tanzania with reliable and up-to-date statistics related to Trade and Customs revenues.

As soon as an importer has arranged to import goods and has entered into a contract with an overseas supplier, he should apply to his Commercial Bank for an Import Declaration Form (IDF). The importer must present a Proforma Invoice for the goods to be imported and will be obliged to pay a Destination Inspection Processing Fees of 1.2% of the FOB value to his Commercial Bank. The Bank will then transfer the IDF and Proforma Invoice to importers and TRA in Dar Es Salaam, usually within the same working day. Importers and agents have to ensure that an IDF with all relevant Documents reach the inspection Company at least 10 working days prior to arrival the goods.

#### **2.3.10 Destination Inspection (DI) Process**

According to the instructions available at [www.tiscan.co.tz](http://www.tiscan.co.tz), the processes proceed from one stage of completing document to another. Once TRA received the IDF and Pro forma Invoice from the Bank, a preliminary review of the documents is carried out and the

details entered into TRA computer system. TRA transmits electronically the IDF data to affiliate in country of export for documentary data verification.

Upon receipt of original documentation from suppliers, TRA prepares an Internal Findings Report (IFR). Upon receiving the IFR, and when there is no discrepancy in the importers declaration, TRA issues a Preliminary Classification and Valuation Report (PCVR) and Declared Classification and Valuation Report (DCVR). The PCVR and DCVR provide TRA's opinions on values, classification and level of inspection determined through the computerized risk management system (CRMS).

On the other hand, if importer accepts PCVR, he signs it and applies for a Classification Valuation Report (CVR) formerly Single Bill of Entry (SBE). Documents to be submitted together with the application include PCVR, IDF copy, Original Shipping documents including Commercial Invoice and Ocean Bill of Landing together with original duty/taxes exemption documents (if applicable).

Once CVR has been issued and accepted into the Customs System, no additional declaration or access is permissible. In event the importer rejects contents of the PCVR; he may put it in writing to TRA giving reasons for not accepting the declared information. In accordance with importers right to appeal, the importer can prepare own CVR under protest and attach to this with original CVR issued by TRA. This is then lodged with Customs to determine the finality in accordance with the law. TRA then issues a Final Classification and Valuation Report (FCVR) together with the SBE.

Once SBE has been issued the importers or his agent pays applicable duties and taxes to the designated Bank. The importer or agent submits the certified original of the SBE, Pay-

in Slip and IDF together with supporting documents to Customs for goods clearance. The importer requests for Inspection at the port once Customs Long room process has been completed. This is done either physically, documentary check or by x-ray scan for all loaded containers. If scanning results conform to declaration, release is issued immediately. Any discrepancies such as undeclared goods noted, the container is directed to a re-check area for physical examination. Any undeclared goods are seized and subject to forfeiture with penalties imposed according to Customs Laws.

### **2.3.11 Customs Communication**

Development and cooperation at policy and operational levels between the different national agencies and establishment of relationships with other administrations and agencies have ensured that information is exchanged effectively and efficiently. The establishment of effective internal communication and cooperation between the intelligence functions within the customs administrations is set in order to maintain the highest possible level of efficiency in customs services and create an environment where all customs administration staffs assume responsibility for managing risk (Rathor 2005).

### **2.3.12 Brief Track of Clearing Procedures in Tanzania**

Importer should fulfill several obligations including purchase of an import declaration form through bank system for USD10.00 and completing the form, thereafter Submits completed form to the bank paying 1.2% of the FOB value on Tanzania Revenue Authority account along with a legible and complete Proforma Invoice (PFI) Concurrently, the importer should Register Import Declaration Form (IDF) previously received from the bank and electronically transmits data to affiliate in the country of export for documentary data verification. The seller after shipping the consignment, submits original commercial invoice and packing list through banking system to TRA.

TRA has the following obligations to do after the import declaration form, Proforma Invoice and shipping documents submitted; it Prepares Internal Finding Report (IFR) and issues the Provisional Pre-Arrival Declaration (P-PAD); and Assessed Pre-Arrival Declaration (A-PAD)

The importer at second time after receiving the P-PAD should assess if the details included comply to the goods to be cleared and after satisfaction signs and applies for Assessed Pre-Arrival Declaration (A-PAD) from TRA. TRA after confirmation of the details and endorsement made by importer on the P-PAD issues the Assessed Pre-Arrival Declaration. The importer after receiving A-PAD should Firstly, pay through bank the duties and taxes as indicated in the A-PAD and then, lodges a request for inspection. TRA have a number of obligations at this stage as through computerized assessment the results may fall on scanning of goods if during inspection conforms with the declaration, then the goods are released. For any discrepancies, the container is directed to re-check area for physical examination. In case of any undeclared goods found, are seized forfeited and penalized. If any excess goods are found, the full duties and taxes are payable covering that additional goods. ([www.tra.go.tz/index.php](http://www.tra.go.tz/index.php))

### **2.3.13 Transportation Infrastructure**

In industrialized countries, Czinkota et al (2002) commented that, firms can count on established transportation network. Around the globe however, some countries may have excellent inbound and outbound transportation systems but weak internal transportation systems links. This is particularly true in former colonies where the infrastructures were designed to maximize the extractive potential of the countries. In such instances, shipping to the market may be easy, but distribution within the market may represent a very difficult and time-consuming task. Infrastructure problem can also be found in cities

where most transportation networks were established between major ports and cities in past centuries. The area lying outside the major transportation networks will encounter problems in bringing their goods to market.

Extreme variations also exist in the frequency of transportation services. For example, a particular port may not be visited by a ship for weeks or even months. Sometimes only carriers with particular characteristics, such as small size, will serve a given location. All of these infrastructural concerns must be taken into account in the planning of the firm's location and transportation framework.

#### Ocean Shipping

Water transportation is a key mode for international freight movement due to bulk movement of goods in the international trade. Three types of vessels operating in ocean shipping can be distinguished by their service: liner service, bulk service, and tramp or charter service. Liner service offers regularly scheduled passage on established routes. Bulk service mainly provides contractual services for individual voyages or for prolonged periods of time. Tramp service is available for irregular routes and scheduled only on demand. Wilson (2008)

Government and international agencies play an important role in framing ports development. Governments regard ports as trade gateways and their efficiency and profiles are both critical in development of international trade. It is thus important to maintain standards and remain competitive. Continuous utilization of assets also is vital to ensure capital investments are funded

The problem is often found in developing countries; where local authorities lack the funds to develop facilities hence limit the development of ports and further impede the inflow of

imports. Increasingly however, governments have recognized the importance of an appropriate port facility structure and are developing such facilities in spite of the investment necessary.

The managers must assess the environment of all corporates, suppliers, and customers on activities that are affected by the modal choice and explore the full implications of each alternative. For example, some firms may want to use airfreight as a new tool for aggressive market expansion. Airfreight may also be considered a good way to begin operation in new markets without making sizable investments for warehouses and distribution centers. The final selection of a mode will be the result of the importance of different modal dimensions to the market under consideration. Wilson (2008)

### **2.3.14 Customer Service Management**

The level of customer service denotes the responsiveness that inventory policies permit for any given situation. A customer service level of 100 percent would be defined as the ability to fill all orders within a set time—for example, three days. If, within the same three days, only 70 percent of the orders can be filled, the customer service level is 70 percent. The second example is the European Union, actual performance measures for on-time delivery are 92 percent, for order accuracy 93 percent, and for damage-free delivery 95 percent. Corporations are often tempted to design international customer service standards to similar levels.

Delay of goods from ports due to untimely clearance can cause non availability of important items which can further lead to destruction of the relationship between customers and the firm. Particularly in MSD there are two sets of customers, internal and external customers. The internal customer is the user or beneficiary department within the

same organization and the external customer are the beneficiaries in the communities that they serve.

### **2.3.15 Customs Clearing and its Challenges in Africa**

Businesses in Africa perceive the impacts of customs as mostly unfavorable a mixture of obvious and slight impediments. This impact is felt primarily in some interconnected ways such as costs that can be direct (via fees) or indirect (via extra staff costs) to perform all procedures needed for customs or through storage costs for goods awaiting processing; they can be inflated if the processing time is prolonged; Elongated time due to elongated processing time for imports can lead to shortage of materials hence the operations can possibly stop; and inflexibility as the goods becomes tied up in customs processing are not available for further decision or sale (McTiernan 2006). Other impediments are cumbersome regulatory systems and decentralized documentation processes coupled with bureaucratic clearing procedures; and Lack of communication between stakeholders (PMAESA Secretariat 2008)

## **2.4 Empirical Review**

### **2.4.1 Studies from Tanzania**

According USAID Report Customs Clearance Issues by Durgavich (2009), the customs clearing procedures, regulated by recipient country governments, change over time and can be quite complex. Failure by importer to meet local customs clearance procedures, or customs procedures that are themselves prone to breakdowns, may cause long delivery delays, stock shortages, and even stock-outs. In 2006 when conducted the study titled “Customs Clearance Issues Related to the Import of Public Health Programs”, USAID found from Tanzania that, from when goods (donations) arrive at seaport to the time they are delivered to MSD it took roughly 27 days and this is only part of the whole clearance



process. The total clearing period reached up to 67 days. (*See Appendix V*) With such delays almost all shipments to Tanzania will have additional port costs due to prolonged processing time.

Odd-Helge (2002) in the study for “Fighting Corruption” at TRA saw that the study showed for six years after reform from Customs Office to Tanzania Revenue Authority (TRA), still improved salaries and respectable living conditions were nothing but corruption showed to thrive. The reasons being the environment where the demand for corruption showed to be extensive and monitoring ineffective, wages ended up functioning as extra bonuses on top of the bribes. Added that, since founding of TRA to that period, already 1,492 officers were dismissed of corruption; quoting Hawthorne-effect which shows that, “short term and individual incentives have few palpable effects”.

#### **2.4.2 Study from Africa**

Djankov, et al (2006) Through Trade facilitation Report states that, every additional time that a product is delayed prior to being shipped reduces trade. One of the objectives of NEPAD is to place African countries on the path of sustainable growth and development, and among the priorities is building infrastructure for accelerating intra Africa trade. Through its report (2005) recommended reform in customs procedures due to highest rate of customs delay that worldwide was approaching to 12 days average; concluded that, customs add to over 10% to the cost of imports procedures

According to Kireeva and Buyonge (2008) Corruption in customs occurs. One of the major corruption risks is the high rate of duty to be paid. If customs procedures are not clearly defined and are complicated, and when there are no clear terms of reference for customs officers, then the freedom of action of officers is virtually unlimited. In such

circumstances bribes often termed as “facilitation Fee” are often paid for legal actions or for the activities that were expected to be conducted by customs officers as part of their duties.

### **2.4.3 Studies from EU Countries and Asia**

The efforts have been made to improve customs administration in EU and Asia countries. Through the report on “The Challenges and Opportunities in Western Europe and Asia” contented that, customs clearance in central Asia is less efficient however than southeast European average. For example it takes 1-3 hours to clear goods in Europe while it takes 3-4 hours in Kyrgyz Republic and three hours in Tajikistan.

For their level of development and technological enhancement these are the challenges; and the reasons behind is uncertainty on implementation of new customs codes and standards for measuring the value of imported goods. Another reason is the excessive documents in customs clearance process taking example in Tajikistan, where the procedures require up to 18 accompanying documents (forms, certificates, and applications issued by different agencies); (world Bank 2004). Other challenges were lack of cooperation among border agencies (e.g. customs, inspectorate agency); and lack of capacity to fully utilize information technology in customs administration, corruption (*Appendix VI*).

### **2.5 Research Gap**

This study points at assessing specific challenges of clearing of goods from sea port specifically for Tanzania environment. The study conducted by USAID report on the goods imported by donors to MSD reported on the delay of donation consignments and did not touch vividly all the challenges facing clearing agents on customs clearance of

goods including the goods imported through MSD contracts rendering to the said delay. Only Odd-Helge (2002) concentrated much in Fighting Corruption at TRA as assessment of major reform which was done six years in Tanzania, here also other challenges were not touched. The reports by Djankov et al, (2006) and that of Creck and Irina (2008) above, were the results of surveys made in wide regions of Africa consisting a number of countries hence the reports were too general since did not identify the existing challenges separately in respective countries from which the study was conducted.

## 2.6 Conceptual Framework

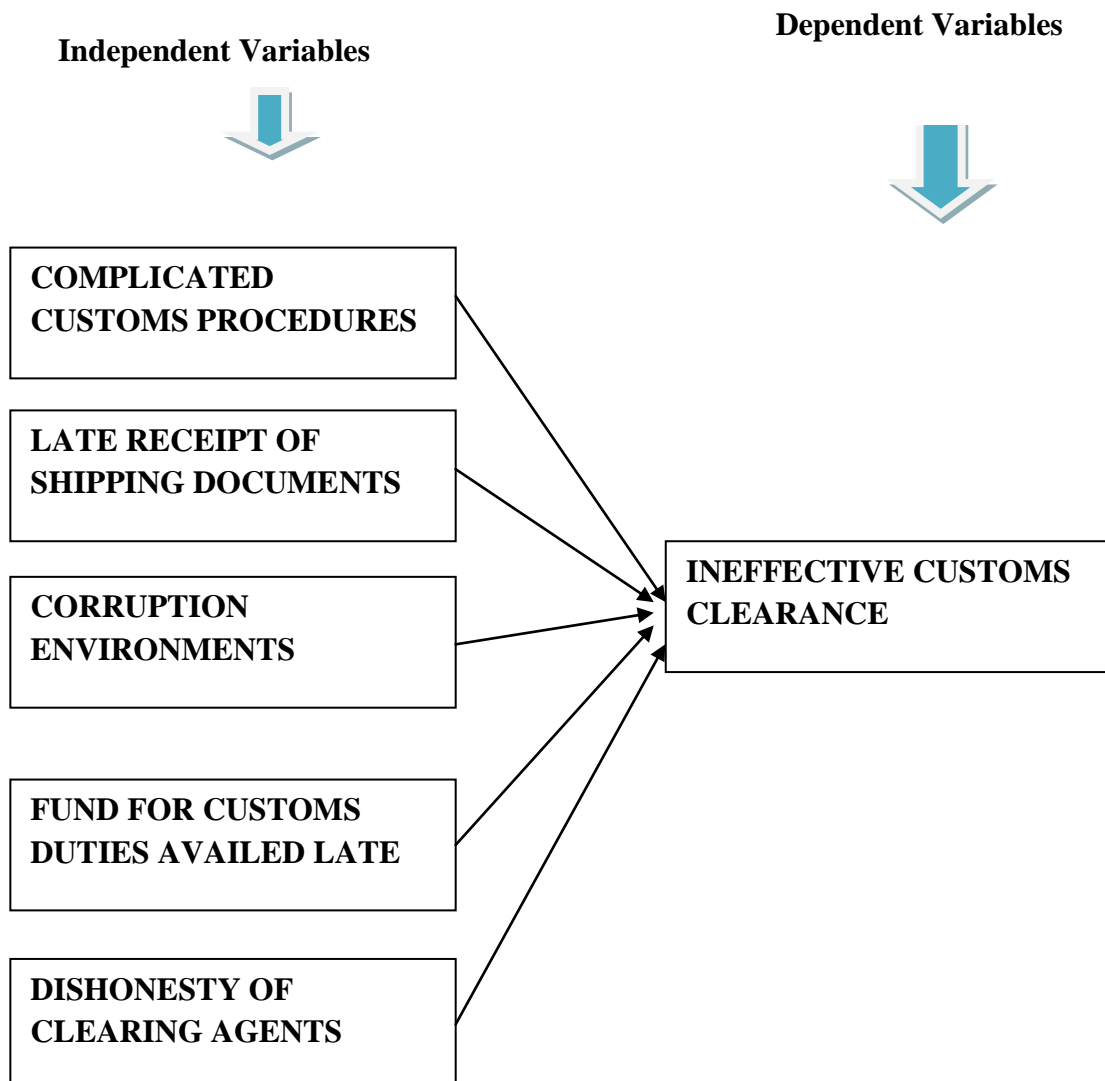


Figure 2-1: Conceptual Framework

Source: Researcher

In evaluating the practices of customs clearing and deliverance of goods from sea port to MSD warehouse has a great impact on availability of drugs to its customers throughout the country. Through various concepts in both theoretical and empirical review highlighted some important issues related to importation and the procedures for clearing of goods in different countries and as documented, the study aims to compare with the reality at sea port in Tanzania. Therefore the literature has led the researcher to develop variables into dependent and independent ones in relation to the research topic. The ineffective customs clearing from port on the other hand is dependent variables.

## **2.7 Theoretical Framework**

The study through various concepts in both theoretical and empirical review highlighted some important issues related to importation and the procedures for clearing of goods in different countries and as documented the study wants to compare with the reality in MSD through TPA in Tanzania. Therefore the literature has led the researcher to summarize the variables into dependent and independent ones in relation to the research topic and the area of the study. The possible challenges in customs clearing process at TPA and the processes at MSD are independent variables and late delivery of cargo from port on the other hand is dependent variables. The possible challenges at MSD were expected to be dishonesty of clearing officers in fulfillment of their tasks; if such habits exist can lead to late delivery because dishonesty officers may concentrate to personal affairs during official hours knowing that, no one is monitoring them as most of the time they spend out of office due to the nature of their assignments. The second expected area with challenge was late receipt of shipping documents; here the clearing process cannot start unless the relative documents to the consignment are received in advance. Last from the internal environment was expected to be late payment of customs duties and other port charges due to late acquisition or release of funds.

Other challenges were expected from the external environment such as the government itself being the source of complicated clearing path that may lead to prolonged time of delivering goods to MSD from sea port. Another area of challenge is corruption environment where the customs officers may seem not able to fulfill their obligations unless they are bribed by Agents. Lastly it was expected that, it could possibly be due to slow process of offloading containers from ships caused by poor equipments could be reasons for prolonged time of delivery of goods from seaport to MSD.

## CHAPTER THREE

### 3.0 RESEARCH METHODOLOGY

#### 3.1 Introduction

This chapter has detailed the methodologies that were used by the researcher in collecting data and information of the study. It includes the areas of the study, research design, data collection methods, sample size, sampling methods and data analysis methods. Research methodology is a systematic approach through which research is undertaken.

#### 3.2 Research Paradigm

According to (Manion et al. 2007), research paradigm can be defined as the broad framework, which comprises perception, beliefs and understanding of several theories and practices that are used to conduct a research. It can also be characterized as a precise procedure, which involves various steps through which a study creates a relationship between the research objectives and questions.

There are mainly three type of paradigm to understand the reality, Positivism, Interpretivism and realism

- a. Positivism philosophical approach is mainly related with the observations and experiments to collect numeric data
- b. Interpretivism

Interpretivism can be referred to as the Social Constructionism in the field of management research. According to this philosophical approach research give importance to their beliefs and value to give adequate justification for a research problem. With the help of this philosophical, researcher focus to highlight the real facts and figures according to the research problem. This kind of philosophical approach understand specific business situation. In this approach, researchers use small sample and evaluate them in detail to understand the views of large people (Kasi 2009).

a) Realism

This research philosophy mainly concentrates in the reality and beliefs that are already exist in the environment. In this philosophical approach, two main approaches are direct and critical realism. Direct reality means, what an individual feels, see, hear, etc. On the other hand, in critical realism, individuals argue about their experiences for a particular situation. This is associated with the situation of social constructivism, because individual tries to prove his beliefs and values.

The study applied Realism philosophy during the study at MSD as he was a part in Clearing Section and what was recorded was genuinely coming from the right people.

### **3.3 Research Design**

Research design is a plan for collecting and utilizing data so that desired information can be obtained with sufficient precision or so that an hypothesis can be tested properly. Research design provides the glue that holds the research project together. A design is used to structure the research, to show how all of the major parts of the research project such as the samples or groups, measures, treatments or programs, and methods of assignment, work together to try to address the central research questions. Kitula (2010)

Research design refers to the structure of an enquiry; (Kothari 2008) defines research Design as the arrangement of conditions for collection and analysis of data in the manner that aims to combine relevance to the research purpose with economy in procedures. The central role of research design is to minimize the chance of drawing incorrect causal inferences from data. The research is designed as descriptive and diagnostic study to be conducted as case study at the medical stores department (MSD) in Dar Es Salaam. A case study is an extensive description and analysis of a single phenomenon or unit. The case study design was preferred by the researcher because it is economical in terms of time and

financial resources. It also minimizes time as well as resources to be utilized due to its feasibility in terms of data collection methods. It is argued that a case study is a very popular form of qualitative analysis and involves careful and complete observation of a social unit; the researcher was in a better position to secure accurate information. The case study is also rich in data collection methods. The design enabled the researcher to focus on a particular unit under investigation (MSD).

Some other reasons for selection of case study are briefly mentioned such as the data collection methods through case study are flexible hence it is easier to make intensive study; the facts can easily be verified on the spot through observation by the researcher who becomes part of the organization; the case study becomes true representative of the population in the study of alike industries hence generalization is possible; and the case study is both time and cost effective taking into account of the time available for conducting this study. However, case study faces some drawbacks such as, generalization is limited in some cases if the sample used is not a true representative of the population; also, it is more susceptible to bias compared to other designs. Also the design enabled the researcher to focus on problems of data gathering and operation of concepts as well as conclusion.

### **3.4 Area of the Study**

The research was conducted at the medical stores department in Dar Es Salaam as a case study at the Medical Stores Department whereby much concentration based in Clearing and Warehouse Sections because these are the sections with which have direct contact with the goods. The Medical Stores Department (MSD) is an autonomous department of the Ministry Of Health and Social Welfare created by an act of Parliament in 1993. The study opted to conduct study at MSD due to the fact that it is among the companies



engaged in three core functions which are procurement, storage and distribution. Most of the drugs are imported from overseas suppliers where there is high technology of pharmaceutical industries hence their prices are reasonably cheap compared to local ones. Clearing is inevitable in this kind of international logistics.

### **3.5 Types of Measurement**

There are four levels of measurement the study used according to Kothari (2008) and Dillon et al, (1994) the most widely classification of measurement scales are nominal, ordinal, interval and ratio scales. These constitute a hierarchy where the lowest scale of measurement is nominal.

Nominal scales yield data on categories. This is used in classifies individuals, companies, products, brands or other entities into categories where no order is implied more than just labeling.

Ordinal scales give sequences; it involves the ranking of individuals, attitudes or items being scaled.

Interval scales begin to reveal the magnitude between points on the scale. With interval scaled data that researchers can justify the use of the arithmetic mean as the measure of average. The interval or cardinal scale has equal units of measurement, thus making it possible to interpret not only the order of scale scores but also the distance between them. Ratio scales explain both order and the absolute distance between any two points on the scale. Ratio scales permit the researcher to compare both differences in scores and the relative magnitude of scores. For instance the difference between 5 and 10 minutes is the same as that between 10 and 15 minutes, and 10 minutes is twice as long as 5 minutes.

### 3.5.1 Measurement Scales

Furthermore, Dillon, (1994) explains various types of scales as used in marketing study fall into two broad categories: comparative and non comparative. Comparative Scales In comparative scaling is where one can compare one brand or product against another. it involve the respondent in signaling where there is a difference between two or more producers, services, brands or other stimuli. Examples of such scales include; paired comparison, dollar metric, unity-sum-gain and line marking scales.

Non-comparative scales involve Continuous rating scales: The respondents are asked to give a rating by placing a mark at the appropriate position on a continuous line. The scale can be written on card and shown to the respondent during the interview. With non-comparative scaling respondents need only evaluate a single product or brand. Non-comparative scaling is frequently referred to as monadic scaling and this is the more widely used type of scale in commercial marketing research studies.

### 3.6 Population and Sample Size

Ghauri, (2005) defines population as any set of people or events from which the sample is selected and to which the study results has generalize. The population at MSD comprised of Clearing Section and Warehouse Section purposively because the two sections have direct contact to imported goods before they are sent to the customers.

**Table 3.1 Sample Size**

Number	Category	Size of Respondents
1	Clearing Section	25
2	Ware house Staff	11
Total		36

Source: Research Data

Sample is a group of people or events drawn from a population. A research study is carried out on a sample from a population. The goal is to be able to find out true facts about the sample that is true of the population. In order for the sample to truly reflection of the population, you need to have a sample that is substantially representative of the population, Babbie (1989).

### **3.7 Systematic Sampling Procedures for Documents**

According to Babbie (1989), Systematic sampling - drawing every kth person for inclusion into the sample, for example; to get a random sample of voters you select every 10th person from the Voter Registration Roles at the courthouse. Through this method the study expected to draw every 10<sup>th</sup> shipping lines invoices systematically from clearing section to find out records of demurrage costs as experienced from the past but could not as the documents had already been sent to Finance section for payment.

#### **3.7.1 Purposive Sampling Procedures**

Saunders et al (2009) defines Purposive or judgmental sampling enables you to use your judgment to select cases that will best enable you to answer your research question(s) and to meet your objectives. This form of sample is often used when working with very small samples such as in case study research and when you wish to select cases that are particularly informative. Hence, purposive sampling is a sampling method in which elements are chosen based on purpose of the study. Purposive sampling may involve studying the entire population of some limited group or a subset of a population. As with other non-probability sampling methods, purposive sampling does not produce a sample that is representative of a larger population, but it can be exactly what is needed in some cases - study of organization, community, or some other clearly defined and relatively limited group. It depends much on discretion of the researcher as to what extent the

targeted sample is likely to provide relevant information than any other group in the population. Purposive sampling procedures was applied to choose Clearing Section and warehouse because they have direct contact with the imported goods before they are sent to the customers.

### **3.7.2 Convenience Sampling Procedures**

Convenience sampling (sometimes known as grab or opportunity sampling) is a type of non-probabilistic sampling which involves the sample being drawn from that part of the population which is close to hand. That is to say, a population is selected because it is readily available and convenient. It may be through meeting the person or including a person in the sample when one meets them or chosen by finding them through technological means such as the internet or through phone. The study using such a sample cannot scientifically make generalizations about the total population from this sample because it would not be representative enough, Saunders et al (2009). According to the nature of study, the study used accidental sampling procedures to obtain facts from ICDs representatives who use to expedite their bills at MSD during the data collection period.

### **3.8 Sources of Data**

The study used two types of data in this study, primary data and secondary data and ultimately at the field the researcher used both types of data. There are two major sources of data that you can use that are the primary and secondary sources. From primary sources gather directly from experimental studies or respondents using own research instruments. In experimental studies this information is obtained by measuring the variable(s) of interest. From secondary sources the information that you gather from other previous studies such as published material and information from internal sources such as raw data and unpublished summaries. Kitula (2010)

### **3.8.1 Primary Data**

Primary data were obtained through observation, questionnaires and interview. These are data which were collected by researcher himself, and be used for the first time. This data provide raw form of information that can be tailored according to the need of study.

### **3.8.2 Secondary Data**

Secondary data are data which are not collected or gathered by researcher himself or herself. This type of data has previously collected by someone else for some other purpose (Manion et al 2007). These types of data are less expensive and less time consuming. Data can be obtained easily and quickly but it is not authoritative. On the other hand, this data may not fit according to the need of study as it is collected by third party for their own purposes. Books and periodicals, Government sources, Regional Publications, commercial sources, media sources and selected internet sites that provide financial data are some examples of secondary data sources.

## **3.9 Data Collection Tools**

Babbie (1989) and Kothari (2008) argued that, in this process data collection has significant role. Data means information which helps researcher to achieve research objectives. The quality of research largely depends on collected information. The more reliable data leads to more trustworthy research. This is dependent on data collection method that researcher selects to achieve the objective.

### **3.9.1 Interview**

In this data collection method, Interview according to Boba (2005) is the tool the researcher collects data by communication with respondents through personal meeting or via telephone. Interview format depends upon information quality and quantity of data that

researcher requires for study. Researcher should be clear about purpose of research before designing the interview questions; each question relates to research problem. Through this method, the researcher was able to access nonverbal behavior and get immediate feedback. The study used both structured and unstructured interviews in probing facts from respondents for analysis. This method was mainly used due to time limitation and to gather additional information from the respondents to support the information obtained from respondents with other methods.

### **3.9.2 Observation**

This method according to Kothari (2008) is concerned with behavioral research. The behavior is recorded and observed systematically by researcher. Researcher can gather detailed information by observation but it is also time consuming method. The researcher does not change behavior but record it as it occurs. The researcher was able to gather information that could not easily be gathered in other methods. Additionally, the researcher had a room to verify the truth of the statements provided by informant through other methods.

### **3.9.3 Questionnaire**

A Questionnaire consists of a number of questions typed in a definite order and sent to a person concerned with a request to answer and return. In this method, research related question format distributed by mail or internet. By this method, researcher is able to collect data from wide geographical area. This method is cost effective and easy to manage but also it is time consuming. Questionnaire can be open-ended and close ended. In open ended questionnaire, alternative responses not mention and in other alternative responses are provided to respondents. This method requires only literate respondents so it creates barriers for this to be applied to illiterate ones.

The study used all the three methods to grasp data from the field. In case the respondents seemed to be busy, the researcher subjected the particular respondents into interview method as alternative. This was a successful method on this study when most of them seemed to be fully occupied sometimes, unable to respond to the questionnaires provided to them.

### **3.10 Validity and Reliability**

The better results come from data which are valid and reliable as depended much on the methods of data collection used in this study. The researcher ensured that the data were collected from authoritative personnel with enough working experience within the organization, and professionally fit in order to maintain the validity and reliability of the data so collected.

#### **3.10.1 Validity**

Valid means true. Truth may be too demanding a test for social science research hence the researcher ought to ask, of whether the accuracy of the information is generated (Fisher 2009). Validity refers to the degree to which a study accurately reflects or assesses the specific concept that the researcher is attempting to measure. Validity is concerned with the study's success at measuring what the researchers set out to measure, (Fink 1995) and (Kasi 2009).

The researcher has diligently pursued to capture data from the right source using appropriate instruments to make them valid. The researcher used information of this study from clearing section of MSD and observed the documents used to process clearance of goods, likewise witnessed the invoices and claims documents from various service providers who played part during the whole clearing process.

### **3.10.2 Reliability**

Reliability is the extent to which an experiment, test, or any measuring procedure yields the same result on repeated trials. In addition to its important role in research, reliability is critical for many parts of our lives, including manufacturing, medicine, and sports. Reliability is such an important concept that it has been defined in terms of its application to a wide range of activities, Kasi, P. (2009).

Reliability refers to the consistency and stability of a measurement and thus addresses to two questions, first applied to similar situation, can the measuring instrument give similar or nearly similar results in two or more time period or places; Second, the measuring devices capable of remaining stable when replicated (Kothari 2008). Reliability refers to the stability of the measurement. Data collected from questionnaire were cross checked against those collected through interview and document review. The researcher insured the reliability of data by receiving information only from reliable authoritative sources and the results are consistent.

### **3.11 Data Management and Analysis**

#### **a) Data Management**

According to Boba, (2005), Data management is the development and execution of architectures, policies, practices and procedures in order to manage the information lifecycle needs of an enterprise in an effective manner.

The researcher collected data through questionnaires that designed to fulfill the requirements of the research questions. The researcher checked if the questionnaires are answered effectively. Then the data were summarized, coded, synchronized and presented for depicting the reality of the clearing procedures in order to proceed with the next step of analysis.



**b) Data Analysis**

In this study, the primary purpose of data analysis is to find evidences from the field in order to answer the research questions. The data were analyzed in both quantitative and qualitative way and presented in percentages.

Data were managed, analyzed, presented and interpreted into percentages in a very careful way. The researcher used table and categorical information in data management stage.

Data Editing: Data obtained from questionnaires, interview, observation and documentary sources were carefully checked to ensure completeness, accuracy and uniformity.

Data Coding: This involved assignment of numerical value to represent a specific response to specific questions along with the column position the designed code symbol occupied on data record.

## **CHAPTER FOUR**

### **4.0 DATA ANALYSIS, PRESENTATION AND DISCUSSION OF FINDINGS**

#### **4.1 Introduction**

This chapter presents data analysis, presentation and discussion of the findings. The study dealt with the challenges behind ineffective customs clearance of goods at sea port a case study of Medical Stores Dar Es Salaam. The data which were collected from the field have been analyzed, presented and discussed in order to give meaningful information. Data are presented in Tables and figures.

The sample size of 36 respondents were expected to be included for the study in which 25 respondents were clearing officers and 11 respondents were warehouse officers chosen from MSD. Out of the 36 questionnaires distributed to the respondents, 33 responses were obtained from the questionnaires and interview conducted to the MSD respondents, this represent a response rate of 91.7 % of total distributed questionnaires and interview conducted to the MSD. The interview targeted eleven among all the respondents from which the researcher aimed at obtaining additional information concerning the study to supplement the findings obtained through the questionnaires in order to obtain the meaningful information.

#### **4.2 The Demographic Characteristics of Respondents**

This study taken into consideration on the demographic characteristics of the respondents observed included gender, age, marital status and level of education. The review of these characteristics gave some insights as to why the answers of the respondents may vary.

##### **4.2.1 Gender of Respondents**

Sex or gender of respondents was sought by the researcher in order to examine the

relationship between gender and the ineffective customs clearance of goods at sea port. The finding shows that 25 which is 75.8% of respondents were male and the rest 8 equivalent to 24.2% of respondents were female. The structure is clearly described in Table 4.1 below.

**Table 4.1: Gender of Respondents**

	<b>Gender</b>	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Valid	Male	25	75.8	75.8	75.8
	Female	8	24.2	24.2	100.0
	<b>Total</b>	<b>33</b>	<b>100.0</b>	<b>100.0</b>	

**Source: Field Data**

The findings above imply that respondents participated in this study were in terms of gender balance between clearing officers and warehouse receiving staff. Most of the respondents 25 people equivalent to 75.8% were male who participated in this study while female were 8 respondents 24.2% of all. Therefore the finding indicate that in both sections, male employees were many compare to female this might be due to the nature of work which need more powerful people likely to carry heavy goods. Equal chances were given to

#### **4.2.2 Respondent's Age**

This question was asked to all respondents about their age. Majority of the MSD respondents 12(36.4%) ranging between 26 and 35 years 9(27.3%) of respondents range between 36- 45 years. 7(21.2%) of respondents had their age ranging from 46-55 years, 4(12.1) of respondents were below 25 years and the minority group was 1(3.0%) of respondents had above 55 years old. See Table 4.2 for further details

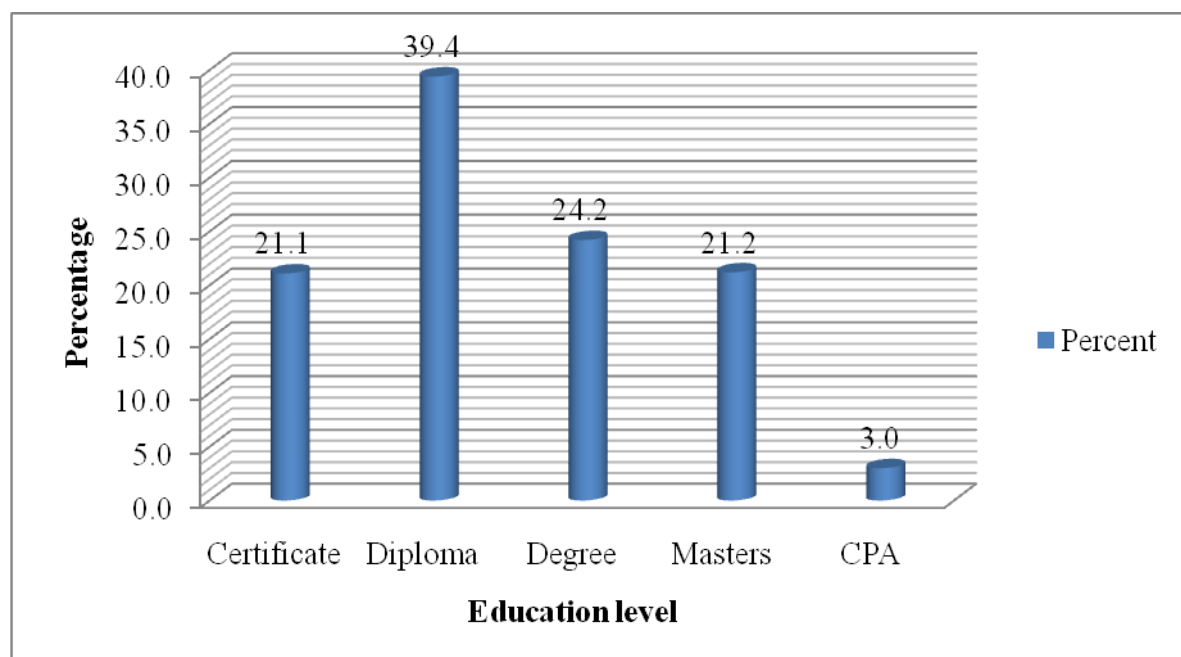
**Table 4.2: Age of Respondents**

	Age	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Under 25 years	4	12.1	12.1	12.1
	26-35 years	12	36.4	36.4	48.5
	36-45 years	9	27.3	27.3	75.8
	46-55	7	21.2	21.2	97.0
	above 55 years	1	3.0	3.0	100.0
	Total	33	100.0	100.0	

**Source: Field Data**

The above findings show that most of the respondents who made 36.4% of all respondents were employee aged between 26-35 as well as a group ranged 36-45. The finding implied that at MSD There were energetic employee who were well grown up

#### 4.2.3 Education Level Attained by the Respondents



**Figure 4-1: Education Level Attained by the Respondents**

**Source: Field Data**

The researcher was interested to know the educational level of the respondents. The researcher was interested to know the level of education in order to know and pre assume challenges behind ineffective customs clearance of goods at sea port done by MSD. 13(39.4%) of respondents were diploma holders, 8(24.2%) of respondents were degree holders, 7(21.2%) of respondents were masters holders, 4(12.2%) of respondents were certificate holders and only 1(3%) of the respondents had a CPA. Figure 4-1 below provide further details.

The above findings show that, most of the MSD employees who responded were diploma, fist degree and masters. Most of the employee had more than diploma researcher believed that a person with degree had good knowledge clearing and know the problems associated with clearing of goods at the port, it was only few respondents who have certificates. This implies that, MSD has a team of well knowledgeable staffs capable of making difference in clearing activities. It rather means that, any shortcoming present either within MSD or to the party of government, will be well known to them and possibly it is in the course towards notable solution.

### **4.3 The Practice of Preparation and Clearance Procedures of Imported Drugs and Medical Supplies from Dar Es Salaam Sea Port to MSD**

The first objective aimed at finding out how MSD staffs prepare themselves for the procedures of clearing the sea port coming consignments. To suffice the requirement of this objectives the study formed four questions whose analysis are presented in sections 4.3.1, 4.3.2, 4.3.3, and 4.3.4 as follows below.

#### **4.3.1 MSD Qualification of Staff in Relation to Clearing Activities**

The respondents were asked to state if MSD has the staff with the required qualifications in relation to the clearing activities. The finding showed that 25(75.8%) of respondents

agreed of MSD having the required qualifications in relation to the clearing activities and the rest 8(24.2%) of respondents said the MSD have not the required qualifications in relation to the clearing activities

**Table 4.3: MSD Qualification Staff in Relation to Clearing Activities**

	<b>Variable</b>	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Valid	Yes	25	75.8	75.8	75.8
	No	8	24.2	24.2	100.0
	Total	33	100.0	100.0	

**Source: Field Data**

The findings from table 4.3 above showed that at MSD there were qualified staff who can perform well clearing of goods at the port. This was showed by respondents who said 75.8% of respondents who agreed on the qualification of staff. Having qualifies employee in clearing process researcher expect that they would do all work as per regulation from the authorities.

#### **4.3.2 Ways of Communication if Consignment is Temporary Stored at a Particular ICD**

The question was posed to the respondents about the ways of communication if consignment is temporary stored at a particular ICD. The finding showed that 30(90.9%) of respondents communication with shipping if consignment is temporary stored at a particular ICD, 24(72.7%) of respondents said they communication with TPA if consignment is temporary stored at a particular ICD and the rest12(36(.4%) of respondents said TICTS

**Table 4.4: Ways of Communication if Consignment is Temporary Stored at a Particular ICD**

<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>	<b>Total</b>
TICTS	12	36.4	33
TPA	24	72.7	33
Shipping line	30	90.9	33

**Source: Field Data**

The finding from table 4.4 above indicated that there were major three ways which are used for information if consignment is temporary stored at a particular ICD, these were shipping, TPA and TICTS.

According to 30 respondents equivalent to 91% of 33 respondents narrated that, they always communicate with shipping line for the sake of understanding where the consignment is temporary stored. Basically, TPA is the one responsible for physical custody and handling of consignments that make transitions from ships. Further explanations obtained through interview revealed that, TPA outsourced some services to the companies such as TICTS, which is responsible for unloading and loading containers, from ships to yards, from ships to trucks, and from yards to ICDs. All information concerning the containers temporarily kept at port or ICDs are available from either TPA, TICTS or from shipping line offices.

The information sometimes is well known from the beginning before signing the contract of sale when the two parties meet for negotiation, they must agree of which ICD the consignment should be kept on arrival. Although there are about thirteen ICDs scattered in different parties of Dar Es Salaam, it was revealed from the explanation above that the

identification is still easier signifying to be not among the sources of delay in clearing activities.

### 4.3.3 Optimum Preparations for Clearance of Imported Goods

The researcher wanted to know the Optimum preparations for clearance of imported goods. The finding showed that 32(97.0%) of respondents said Proforma invoice having FOB and freight charges, 28(84.8%) of respondents said import documents (Bill of landing, invoice and packing lists) and 8(24.2%) of respondents said storage facilities for cleared

**Table 4.5: Optimum Preparations for Clearance of Imported Goods**

Response	Frequency	Percentage	Total
Import Documents ( Bill of landing, invoice and packing lists)	28	84.8	33
Proforma invoice having FOB and fright changes statutory bodies series	32	97.0	33
Funds for payments of customer duties	32	97.0	33
Storage facilities for cleared	8	24.2	33

**Source: Field Data**

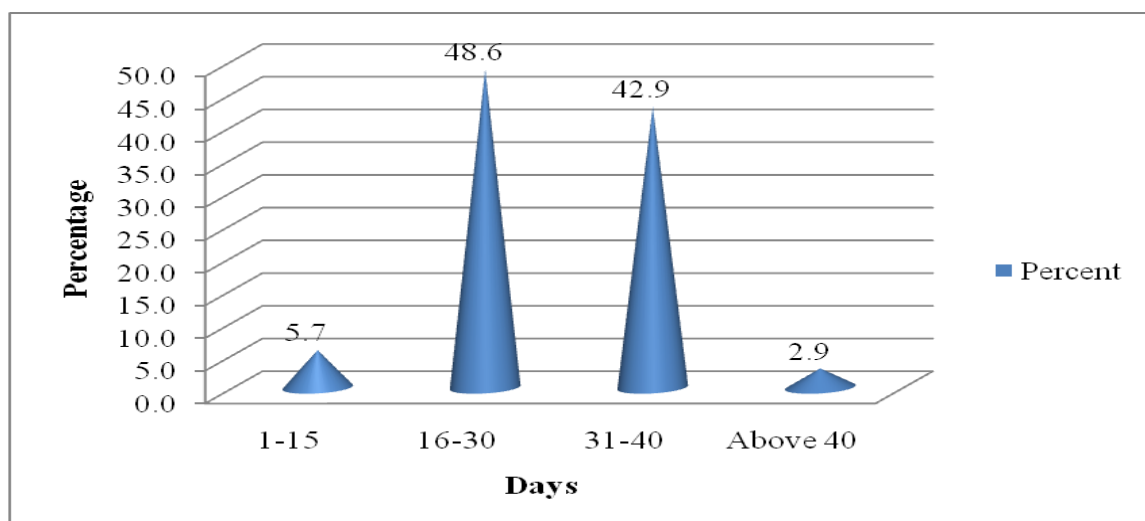
Through open-ended question the respondents were required to mention the optimum preparation requirement for clearing process. The finding from the respondents indicated that, there are some requirements need to be prepared prior to commencement of clearing process whereby 32 respondents which is 97% mentioned the Proforma Invoice (PI) quoted with FOB and freight changes separately. PI is preliminarily provided during signing the contract of sale between MSD and the suppliers. In the case of international procurement, it was revealed that it is of key requirement for any consignment destined in



Tanzania ports to have PI or invoice quoted with FOB and freight charges separately to facilitate availability of import permit after approvals from statutory bodies. The destination inspection DI practiced in Tanzania for all incoming goods is calculated by 1.2% of FOB value.

The shipping documents comprise of Bill of lading (B/L), Invoice and Packing list were voted by 28 respondents which is 84.8%. These documents are equally important; they are sent to MSD immediately after the consignment is placed into the shipping vessel. All customs calculations of dutiable goods are dependent on the availability and accuracy of shipping documents. The 32 respondents equal to 97% as well indicated that there must be funds set aside specifically for payment of clearing charges which comprise of port charges, and payment of charges as per statutory bodies (TRA, TFDA, PHLB, NEMC, TBS GC and others depending on the nature of consignment).

#### 4.3.4 Duration in Most Cases to clear Pharmaceutical and Related Shipping from Period Entry



**Figure 4.2: Duration in Most Cases to clear Pharmaceutical and Related Shipping from Period Entry**

Source: Field Data

The question was posed to the respondents on how long does it typically take in most cases to clear pharmaceuticals and the related shipment from port of entry. The finding showed that 17(48.6%) of respondents said 16-30 days, 15(42.9%) of respondents said 31-40 days, 295.7%) of respondents said 1-25 days and the rest 1(2.9%) of respondents said above 40 days

The question analyzed above aimed at finding the respondents' experience on the average time spent on clearing various types of goods while taking all complexities and challenges. Through figure 4-2 above, its finding showed that duration in most cases to clear pharmaceutical and related shipping from period entry takes 16-40 days as 91.5% indicated. Furthermore after analysis of the question, the average of 28 days must be devoted to accomplish the clearing of individual consignment. Obvious in such the circumstances the study noted the possibility of more than 50% of consignments at MSD to have accumulating demurrage costs. (*Appendix I, II & III*)

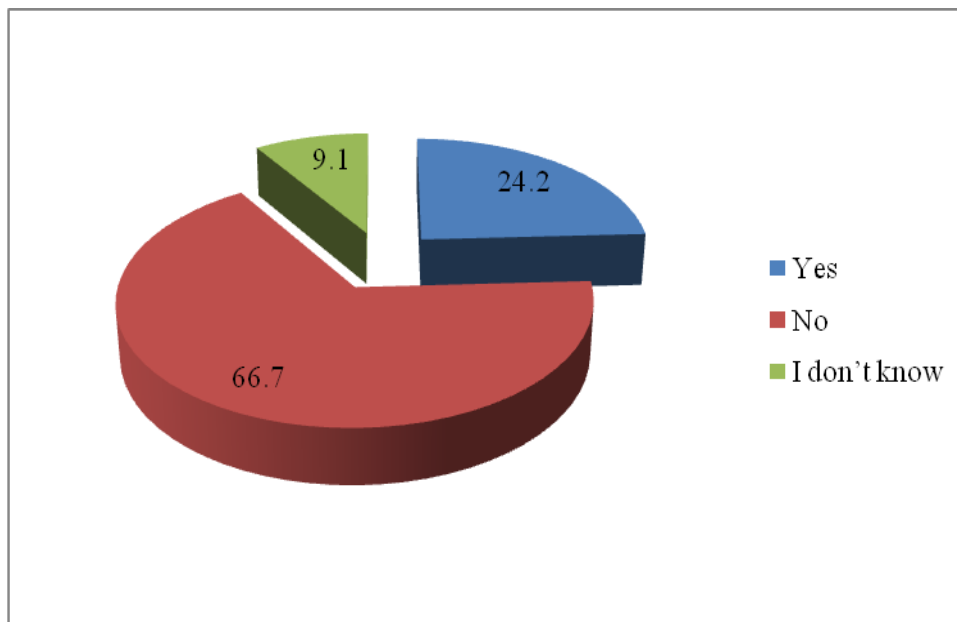
#### **4.4 The Common Causes of Deliverance Delay of Goods from Sea Port to MSD**

The second objective was aimed to identify the common causes of clearance delay of goods imported through sea port. This part comprised of 11 questions being the major and integral part to this study.

##### **4.4.1 Process and Procedures set by the Government Contribute to the Increase of clearing Time**

The question was asked to the respondents about the process and procedures set by the government contribute to the increase of clearing time. The finding revealed that 22(66.7%) of respondents said the process and procedures set by the government do not contribute to the increase of clearing time, 8(24.2%) of respondents said the process and

procedures set by the government contribute to the increase of clearing time and 3(9.1%) of respondents said they don't know. The respondents insisted that, there is no much bottlenecks to the part of government procedures although improvement is needed. They compared themselves (clearing staffs) with private firms where the amount calculated from say TRA would be communicated through phone calls to their employer and within few hours the same payment is effected, for them it is easier to deliver the consignment even within four days. They added that, sometimes private firms clearing staffs pay in cash promptly to statutory bodies just after evaluation; in this scenario you can hardly experience demurrage charges.



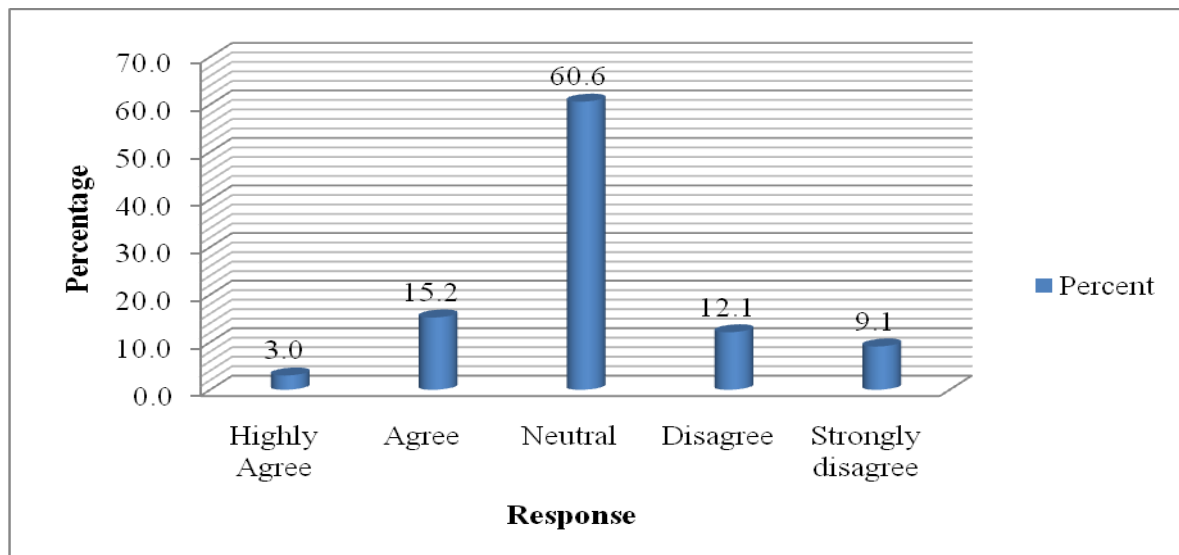
**Figure 4.3: Process and Procedures set by the Government Contribute to the Increase of clearing Time**

**Source: Field Data**

The finding from figure 4-3 above indicate that the process and procedures set by the government does not contribute to the increase of clearing time as 66.7% of respondents said.

#### 4.4.2 The Management of MSD Provides the Required Level of Support to Clearing Staff in Daily Activities

The researcher was interested to if the management of MSD provides the required level of support to clearing staff in daily activities. The finding revealed that 20(60.6%) of respondents were neutral, 5(15.2%) of respondents agreed, 4(12.1%) of respondents disagree, 3(9.1%) of respondents were strongly disagree.



**Figure 4.4: The Management of MSD Provides the Required Level of Support to Clearing Staff in Daily Activities**

**Source: Field Data**

The finding from figure 4-4 above indicated that the MSD Management does not provides the required level of support to clearing staff in daily activities. As 60.6% of respondents were neutral means there is nothing done. This is to say only 19% of respondents agreed management of MSD provides the required level of support to clearing staff in daily activities while at the second hand 21% only denied leaving the majority 60% neutral with the meaning needed interpretation. Although the respondents showed the majority to be neutral, after discussion with the respondents they disclosed that there were several

requests and proposals they made to the management for improvement of clearing procedures but without consideration. Pointing on the issues, the respondents mentioned the critical areas such as lack of reliable transport to convey staffs and documents to and from TPA, airport, and to different statutory bodies (TRA, TFDA, PHLB, NEMC, TBS and GC) and to the ICDs. They also pointed finger to the number of staffs which were very few compared with the number of tasks at hand. These are scenarios at the side of management had to look with positive concern, they added.

#### **4.4.3 Tanzania Port Authority off-load the Company Cargoes from Vessel Timely**

The question was posed to the respondents to deduce if the Tanzania port authority off load the company cargoes from vessel timely. The finding showed that 22 respondents (66.7%) said Tanzania port authority offload the company cargoes from vessel timely, on the other hand only 6 respondents (18.2%) were not aware and 5 respondents (15.2%) said Tanzania port authority does not off load the company cargoes from vessel timely.

**Table 4.6: Tanzania Port Authority off-load the Company Cargoes from Vessel Timely**

	<b>Variable</b>	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Valid	Yes	22	66.7	66.7	66.7
	No	5	15.2	15.2	81.8
	I don't know	6	18.2	18.2	100.0
	Total	33	100.0	100.0	

**Source: Field Data**

The Table 4.6 above, it indicates that the Tanzania Port Authority offloads the company cargoes from vessel timely by majority respondents (66.7%). This implied that there is no delay caused by offloading process at sea port.

#### 4.4.4 Introduction of Electronic Clearing and Forwarding Contribute to the Delay of Clearing Goods Port of Entry

The researcher wanted to know if the introduction of electronic clearing and forwarding contribute to the delay of clearing goods port of entry. The finding showed that 24(72.7%) of respondents said the introduction of electronic clearing and forwarding have not contributed to the delay of clearing goods port of entry and 6(18.2%) of respondents were not aware on what is going on a while 4(12.1%) of respondents said the introduction of electronic clearing and forwarding contribute to the delay of clearing goods port of entry

**Table 4.7: Introduction of Electronic Clearing and Forwarding Contribute to the Delay of Clearing Goods Port of Entry**

	Variable	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	5	15.2	15.2	15.2
	No	24	72.7	72.7	87.9
	I don't know	4	12.1	12.1	100.0
	Total	33	100.0	100.0	

**Source: Field Data**

The finding from Table 4.7 above showed that, the introduction of electronic clearing and forwarding does not contribute to the delay of clearing goods port of entry by 72.7% of respondents. Apart from the analysis, the respondents assured that if all documents are lodged into system timely, it means the A-PAD and P-PAD will be declared timely. And after timely payments of duties and port charges, the delivery order is normally issued timely. This shows also that the processes towards release of goods depend much on timely start and timely payment of declared charges. No release is issued with pending payment.

#### **4.4.5 Introduction of Tanzania Inter-bank Settlement System (TISS) for the Transactions Increased the Clearing Delay time of Cargo from Sea Port**

The question was posed to the respondents about the Introduction of Tanzania Inter-bank Settlement System (TISS) for the transition has increased the delay of clearing of cargo from sea port. The finding showed that 29(87.9%) of respondents said the introduction of (TISS) for the transition has not increased the delay of clearing of cargo from sea port and the rest 4(12.1%0 of respondents said the introduction bank to bank payment (TISS) for the transition has increased the delay of clearing of cargo from sea port

**Table 4.8: Introduction of Tanzania Inter-bank Settlement System (TISS) for the Transactions Increased the Clearing Delay time of Cargo from Sea Port**

	<b>Variable</b>	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Valid	Yes	4	12.1	12.1	12.1
	No	29	87.9	87.9	100.0
	Total	33	100.0	100.0	

**Source: Field Data**

Table 4.8 above, being the on-line payment system which is currently used to effect payment, the respondents confirmed to be efficient method that facilitates to real time and gross settlement of payment instructions between banks of the trading partners. They added that, it is true that TISS has improved efficiency in the payment system by eliminating the delay time for high value payments although they reported some few problems with effecting payments of more than ten million where some few problems do arise. The respondent showed that despite these few problems with the system, they are always solved within short time. The respondents declared as well the TISS system to be not among the delaying factor in clearing process.

#### 4.4.5 The Experience of MSD Staff in Past 12 Months on Customs Clearing Delay at Sea Port

The researcher was interested to know the past 12 months if a pharmaceutical shipment to MSD experienced any situations due to customs clearance delay in port of entry. The finding showed by 30 respondents (90.9%) who agreed on delay in port exceeding 14 days and for the unexpected port cost such as demurrage charges. The 29 respondents (87.9%) agreed on product wastage due to improper storage at port while 25 respondents (75.8%) agreed on loss caused due to expiry at port; and 24 respondents (72.7%) agreed on loss caused due to damage or theft at port.

**Table 4. 9: The Experience of MSD Staff in Past 12 Months on Customs Clearing Delay at Sea Port**

Variable	Frequency	Percentage	Total
Delay in port exceeding 14 days	30	90.9	33
un expected port cost such as demurrage charges	30	90.9	33
Product wastage due to improper storage at port	29	87.9	33
loss due to damage or theft t at port	24	72.7	33
loss due to expire at port	25	75.8	33
stock out at the MSD while goods delayed at port	32	97.0	33

**Source: Field Data**

The finding from Table 4.9 showed that in past 12 months MSD experienced some situations clearance delay in port of entry, exceeding 14 days for more than 90% of the respondents, one of the respondents during interview disclosed a consignment that stayed at port for one year; the reason behind was due to lost import documents at the MOHSW that led the clearing procedures to become very disorganized. The consignment was donor



funded. Another respondent claimed that his experience was for the consignment that stayed at port for 66 days, signifying the presence of demurrage charges in consignments received at MSD.

According to the respondents, 90% agreed to have experienced unexpected costs as demurrage charges due to delayed containers. When a container is delayed to be returned to shipping line regardless of whether it stayed longer at port during clearing or at MSD warehouse during offloading, it accumulates demurrage charges.

The product wastage due to improper storage at port was indicated by 88% of respondents. The respondents claimed to waste some times in search of short-landed portion before they declare it to be lost ready for processing compensation from the supplier. The respondents as well reported to have experienced losses due to damage or theft at port by 72% that, some containers arrive with holes leading its contents to be damaged or wetted; in some instances the containers at port are broken by thieves stealing the properties. These are time taking incidences that have to undergo police proceedings until when they are compensated through insurance cover although the staffs denied for them to be common in clearing activities.

Stock out at the MSD while goods delayed at port was the scenario reported by 97% of respondents. When the schedule of deliveries agreed during signing of contract is extended by the delay of clearing activities, the respondents claimed that it leads to out of stock situation while the same items are held at ports. This is to say the lead-time is extended through delay in clearing activities impeding the provision of health services at hospitals by lack of drugs and medical supplies.

#### 4.4.6 Experience of Unreasonable Sources of Clearance Delay

The question was asked to the respondents about the steps which have been experienced unreasonable sources of clearance delay. The finding showed that 32(97%) of respondents said duty exemption procedure, 31(93.9%) of respondents said inspection processes, 30(90.9%) of respondents said approvals from statutory bodies/agencies and payment of duties and other port charges, 10(30.3%) of respondents said Offloading goods from vessel, 9(27.3%) of respondents said delivery of goods to customs/ICDs for temporary storage, 7(21.2%) of respondents said loading documents and declaration and 3(9.1%) of respondents said licensing issues such as import permit

**Table 4.10: Experience of Unreasonable Sources of Clearance Delay**

No	Variable	Frequency	Percentage	Total
1	Offloading goods from vessel	10	30.3	33
2	Delivery of goods to customs/ICDs for temporary storage	9	27.3	33
3	Loading documents and declaration	7	21.2	33
4	licensing issues such as import permit	3	9.1	33
5	payment of duties and other port charges	30	90.9	33
6	inspection processes	31	93.9	33
7	Approvals from statutory bodies/agencies	30	90.9	33
	Duty exemption procedure	32	97.0	33

**Source: Field Data**

The finding from Table 4.10 above showed the unreasonable sources of clearance delay are found in Payment of duties and other port charges, Inspection processes, Approvals from statutory bodies/agencies, and Duty exemption procedures.

The respondents agreed by 91% that, among the areas causing undue delay were during effecting payment to various statutory bodies. After interview the study revealed that, the problems leading to delay starts with MSD internal procedures. It was told that, under normal circumstances it takes between 3 to 5 days to accomplish internal approvals and cheque writing; 3 to 4 days lapse with inert banking transfer processes; lastly it ends with cheque clearance at beneficiary bank (statutory bodies' bank). Bearing in mind of weekend days, the time calculated for effecting payment reach up to 15 days, which is beyond the grace period of 14 days. This is one and most repetitive delaying process that in most cases it is rendered by internal delay in effecting payment of the invoices.

The officers insisted that the failure of timely payment of statutory bodies invoices leads to unavailability of import permit, furthermore the delivery order cannot be obtained. If the containers are held at ICDs beyond grace period then MSD accumulates demurrage charges. It happens that the invoices are issued more than once by ICDs due to further prolonged days exceeding invoice days. Indeed these are double payments to nonprofit adding cost centres noted by respondents as it has been unnecessarily repetitive in their activities. (*Appendices II&III*)

Inspection process was another factor voted by 94% of respondents claimed to have challenges during clearing process. This stage comes after TRA through computerized system, performs selectivity process; most of the consignments are subjected to 100% inspection while only a few pass under scanning device or released directly. This stage is much time taking activity whereby the inspectors are sometimes overwhelmed with the workloads because it entails unpacking of all contents from the containers to assess the accuracy of information lodged into TRA. The respondents also pointed to collusion environments created by inspectors by prolonging days up to two weeks unless push

money (corruption) is provided. To the government institutions such as MSD, such money is normally not provided to clearing staffs leading their goods to overstay at ports. Through the information provided by the respondents, they approved that the inspection process sometimes takes much of their time at ports.

The process of obtaining approvals from statutory bodies, by 91% of respondents pointed their finger on the challenges associated with obtaining import permit from either TFDA, PHLB, NEMC, TBS or GC that, it depends much with how earlier the payment to their accounts have been made. For Example, TFDA cannot release an import permit until when they check into their account to verify whether their monies have already been credited or not. One respondent explained that the statutory bodies need to have sufficient time to give them room to check the registration status, legal compliance, and completeness against the shipping documents possible for ramification before permit. Although the management knows well but still no improvement have been made.

The 97% of respondents agreed that, among the delaying steps in clearing process is seeking exemption of consignments from the Ministry of Finance (MOF). Explaining this stage one senior officer said “it is of no use sometimes the seeking for long process the exemption approval on the consignment while on other hand the same will be accumulating demurrage charges for overstaying container with goods at port”, This statement meant that the process takes too long time that able to render other higher payment of demurrage costs than what is relieved. In many cases this stage is ignored to avoid wasting time on non profitable activity.

#### **4.5 The Impacts of Delayed Customs Clearing from Sea Port to MSD Operations**

The objective three was intended to describe The impacts of delayed customs clearing of

goods from Sea Port to MSD operation. The study used open ended questions to give them room to identify the challenges while explaining them with their own words.

#### 4.5.1 MSD is affected by Delay of Deliveries from Port

The question was posed to the respondents on the extent MSD is affected by delay of deliveries from port. The finding showed that 30(90.9%) of respondents said drug touch out, 28(84.8%) of respondents said raise of import coast, 25(75.8%) of respondents said drop of sales and 23(69.7%) of respondents said bad image.

**Table 4.11: MSD is affected by Delay of Deliveries from Port**

No	Variable	Frequency	Percentage	Total
1	Drugs stock-out	30	90.9	33
2	Drop of sales	25	75.8	33
3	Raise of import coast	28	84.8	33
4	Bad image	23	69.7	33

**Source: Field Data**

The respondents mentioned by 91% that the drugs Stock-Out occurs when the consignments delayed at port more than calculated lead-time. The respondents disclosed that, when hospitals press their orders to MSD they expect to obtain drugs and medical supplies within right time. It happens for drugs to be out of stock at MSD simply because they are held at ports because of clearing process. The respondents indicated by 75% that the drop of sales at MSD is being caused by out of stock. Obvious the MSD uses the profit obtained from sales to settle its running and administrative expenses. Lack of sales has adverse impacts to MSD

Increase of import costs was among the consequences reported by the respondents for 85% due to increasing demurrage costs. Hence, the higher the running costs, the lower the profit earned by MSD. The decline in profit can lead to decline of procurement capacity of the firm. Because MSD is the service oriented public firm, the out of stock situation destructs the image of the firm due to frequent reported absence of drugs and medical supplies in most hospitals in Tanzania. Politicians use it as a political strength to gain more followers claiming to improve it after election.

#### **4.5 The Measures to be taken by the MSD Management to Improve Clearing of Goods at Ports**

The fourth objective from this study aimed at identifying measures to be taken by the MSD management to improve clearing of goods at ports. The following question was asked in relation to this objective.

##### **4.5.1 Things to improve the Process of Clearing of Goods at Sea Port**

**Table 4.12: Things to improve the Process of Clearing of Goods at Sea Port**

<b>No</b>	<b>Variable</b>	<b>Frequency</b>	<b>Percentage</b>	<b>Total</b>
1	Reliable use transport to facilitate movement of people and documents from port and statutory	30	90.9	33
2	Single document strategies and single invoice comprising of all statutory bodies requirements	28	84.8	33
3	Simplified means of payment of port enlarge	23	69.7	33
4	Government should improve roads and infrastructure	20	60.6	33

**Source: Field Data**

The researcher was interested to receive the opinions from the respondents on the ways to improve the process for clearing of goods imported through sea port. The finding showed that 30(90.9%) of respondents said there should be reliable used transport to facilitate movement of people and documents from port and statutory, 28(84.8%) of respondents said there should be single document strategies and single invoice comprising of all statutory bodies requirements, 23(69.7%) of respondents said Simplified means of payment of port enlarge and 20(60.6%) of respondents said Government should improve roads and infrastructure

The finding from table 4.12 above showed the suggestions from the respondents on how to improve clearing of goods imported through the sea port.

The respondents by 91% suggested that, there should be optimum number of vehicles to facilitate movement of people and documents from port and statutory bodies. Currently there is only one vehicle being used to serve all needs of clearing officers at MSD, at ICD, at ports and at statutory bodies' offices. It is of great challenge the logistics of conveying staffs to different locations using congested roads while timing to arrive on time. Obvious the movements have been inefficient.

The respondents suggested by 85% that, if possible the government should introduce Single document strategies that would yield to single invoice comprising of all statutory bodies payment requirements

Almost 70% of respondents appealed for the government for simplified means of payment procedures for charges. Most of the respondents after discussion supported the use of single document that can be introduced to reduce individual office to be visited separately

as well as simplifying the number of payments if the statutory bodies can be represented by officials attached at ports offices.

Lastly, 61% of the respondents had the opinion that the government should improve roads and infrastructure to reduce congestion so as to ease the transport needs; especially when they rush documents to different offices related with clearing activities.



## **CHAPTER FIVE**

### **5.0 SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter presents the summary of the study, conclusion and recommendations, the policy maker implications, individual and general ramification and their recommendations. The main purpose of this study was to identify the challenges facing public sector in clearance of imported goods through sea port and their impacts to the overall operations as case study at MSD.

#### **5.2 Summary of the Major Findings**

The findings of this study were based on the observations and interview made between the respondents and the researcher. As per analysis and discussion from chapter Four, some of the deficiencies were revealed at the side of MSD and to the government side that pose challenges leading to extension of clearing period

The finding showed that 25(75.8%) of respondents agreed of MSD having the required qualifications in relation to the clearing activities. The ways of communication if consignment is temporary stored at a particular ICD. The finding showed that 30(90.9%) of respondents communication with shipping if consignment is temporary stored at a particular ICD, 24(72.7%) of respondents said they communication with TPA if consignment is temporary stored at a particular ICD and the rest 12(36.4%) of respondents said TICTS. The Optimum preparations for clearance of imported goods. The finding showed that 32(97.0%) of respondents said Proforma invoice having FOB and freight charges, 28(84.8%) of respondents said import documents (Bill of landing, invoice and

packing lists). On how long does it typically take in most cases to clear pharmaceuticals and the related shipment from port of entry? The finding showed that 17(48.6%) of respondents said 16-30 days,

The process and procedures set by the government contribute to the increase of clearing time. The finding revealed that 22(66.7%) of respondents said the process and procedures set by the government do not contribute to the increase of clearing time. The management of MSD provides the required level of support to clearing staff in daily activities. The finding revealed that 20(60.6%) of respondents were neutral. Tanzania port authority off load the company cargoes from vessel timely. The finding showed that 22 respondents (66.7%) said Tanzania port authority offload the company cargoes from vessel timely, on the other hand only 6 respondents (18.2%) were not aware. The introduction of electronic clearing and forwarding contribute to the delay of clearing goods port of entry. The finding showed that 24(72.7%) of respondents said the introduction of electronic clearing does not contribute to delay of goods at port of entry. The Introduction of Tanzania Inter-bank Settlement System (TISS) for the transition has increased the delay of clearing of cargo from sea port. The finding showed that 29(87.9%) of respondents said the introduction of (TISS) for the transition has not increased the delay of clearing of cargo from sea port. The steps which have been experienced unreasonable sources of clearance delay. The finding showed that 32(97%) of respondents said duty exemption procedure, 31(93.9%) of respondents said inspection processes, 30(90.9%) of respondents said approvals from statutory bodies/agencies and payment of duties and other port changes,

The extent MSD is affected by delay of deliveries from port. The finding showed that 30(90.9%) of respondents said drug touch out, 28(84.8%) of respondents said raise of import coast, 25(75.8%) of respondents said drop of sales and 23(69.7%) of respondents

said bad image. The ways to improve the process for clearing of goods imported through sea port. The finding showed that 30(90.9%) of respondents said there should be reliable used transport to facilitate movement of people and documents from port and statutory, 28(84.8%) of respondents said there should be single document strategies and single invoice comprising of all statutory bodies requirements, 23(69.7%) of respondents said Simplified means of payment of port enlarge and 20(60.6%) of respondents said Government should improve roads and infrastructure

### **5.3 Conclusion**

It was concluded that t at MSD there were qualified staff who can perform well clearing of goods at the port, who can perform the duties as per regulations set by the country. At the clearing process there were three major ways which are used if consignment is temporary stored at a particular ICD, these were shipping, TPA and TICTS. They always communicate with shipping line for the sake of understanding where the consignment is temporary stored.

The shipping documents comprise of Bill of lading (B/L), these documents are equally important; they are sent to MSD immediately after the consignment is placed into the shipping vessel. All customs calculations of dutiable goods are dependent on the availability and accuracy of shipping documents. The clearing processes in Tanzania are prolonged by a number of factors such complicated import clearance procedures including sending tax invoices to different regulatory bodies, multiple documentation requirements, interruption of planned activities with consignments from donors most of having political pressures, corruption, small number of clearing officers at MSD and small number of vehicles for clearing staffs. These causatives are the sources of increasing costs, increasing lead times, and hence reducing customers' service level.

When a container is delayed to be returned to shipping line regardless of whether it stayed longer at port during clearing or at MSD warehouse during offloading, it accumulates demurrage charges. Under normal circumstances it takes between 3 to 5 days to accomplish internal approvals and cheque writing; 3 to 4 days lapse with inert banking transfer processes; lastly it ends with cheque clearance at beneficiary bank (statutory bodies' bank), but the introduction of Tanzania Inter-bank Settlement System (TISS) for the transition has increased the process of clearing of cargo from sea port. The effect of delaying of goods at the port cause problems to MSD as when hospitals press their orders to MSD they expect to obtain drugs and medical supplies within right time. It happens for drugs to be out of stock at MSD simply because they are held at ports because of clearing process.

#### **5.4 Recommendations**

1. MSD should increase the number of clearing staff staffs to at least thirty who can deal with all processes of clearing of all goods procured by MSD as well as those procured by donors and the MoHSW for the entire country
2. MSD should assign more four vehicles with clearing activities to facilitate running documents to Sea Port, airport, regulatory bodies and back to MSD more efficiently.
3. The procedures for payment of service invoices during clearing should be revised to reduce the time spent on effecting payment hence the speed for clearing of goods will be increased approvals will be promptly obtained. Either the company should consider about using prepayment procedures by depositing amount of money in advance to the statutory bodies so that the amount will continue to be deducted while the service being provided without any delay.

4. The government should initiate one roofed office composed of representatives from all key offices and statutory bodies concerned with clearing process near ports to reduce time spent from individual office to be visited in separate occasion.
5. Government should improve infrastructure to reduce network problems hence increase computer communication easy for online processing of clearing documents
6. The government and donors should liaise with MSD on the schedule of deliveries of goods from donors and goods procured through the MoHSW to avoid congestion of containers that need to be cleared from port and to reduce congestion of goods at MSD so that enough space will be available in warehouses to accommodate all delivered goods
7. The government should unify the documents used in all necessary approvals of clearing the same consignment into single document as we have seen Nigeria as example of this experience, Tanzania should learn. The document may be structured in the way that incorporating all necessary requirements from the regulatory bodiess. This type of document will ease clearing process not only to MSD but also to other government parastatals.

## **5.5 Implications of the Study**

### **5.5.1 Policy Implications**

This research paper will help the policy makers to use this knowledge when they develop policies for the development of the organization. Likewise the policy makers will find the gap available to their organization and take preventive measures to:-

- a) Set training policy on Clearing proceedings and procedures:

Every clearing staff is entitled to understanding of the dynamic procedures of clearing activities and through various requirements of Acts constituting regulatory

bodies. The policies will help reducing gaps of understanding between clearing staffs and other related stakeholders in logistics profession towards dynamic environment of clearing.

b) Set policy on adherence on laws setting up regulatory bodies

Through the overall process and procedures of clearing, there should be set policies to streamline compliance to regulatory bodies while not impeding timely clearance of goods from ports.

c) Set policies for monitoring and compliance units

The policy makers should introduce new assessment of planned activities and appraise the current and potential reasons for delays hence prepare policies to ensure that the final clearance of drugs smoothed and the practices are absolutely best.

### **5.5.2 Implications to Decision Makers**

This research report has important implications to decision makers. Any decision to be made concerning procurement of goods and clearing are specified by respective regulations set out by the government must be adhered by the key players. Likewise decision makers will benefit from the study through a number of ways as explained below.

- i. Specify relevant INCOTERMS with which will commonly constitute terms of contracts between oversea suppliers and MSD for cost effective and as innovative solutions to meet the need for timely availability of drugs.
- ii. Improve and maintain strong internal control to ensure Public funds are properly used.

### **5.6 Limitations of the Study**

During the study the researcher faced difficulties and obstacles such as access to information from the respondents due to the fact that they afraid to avail full

information about all processes in clearing goods. This is compelled the researcher to employ extra efforts for follow up and creation of friendliness environment among the respondents for the sake of getting their cooperation during the study.

Financial constraints also was a limitation in performing this study, the researcher depended on advance salaries from his employer the amount which was sometimes not availed timely.

### **5.7 Area for Further Study**

The study earmarked some problems with the use of enterprise resources planning namely EPICOR-9 which was newly introduced at MSD since July 2012 just after annual stocktaking. One of the problems is some delays in composing documents using the present system, leading to late distribution of goods to zonal stores. From this picture the researcher is excited to highlight for other researchers to find the causes whether they originate from incompetent users of system or from poor design of the system itself. Therefore, the researcher suggests the study on the efficiency of using information system in logistics management at MSD.

## REFERENCE

- Babbie, E. (1989) *The Practice of social Research*, Wadsworth Publishing company
- Besterfield et al. (2003) *Total Quality Management*, 3<sup>rd</sup> Ed, New Jersey: Prentice Hall publication.
- Boba, R. (2005) *Crime analysis and crime mapping*, USA: SAGE.
- Branch, A. E (2005) *Elements of shipping*, 7<sup>th</sup> Ed, Britain: Stanley Thornes
- Branch, A. E (2008) *Shipping and Air Freight documentation for importers and Exporters and Associated terms* , 2<sup>nd</sup>Ed, London: London City College
- Creck and Irina (2008) Article for Trade Facilitation in Africa: Challenges and possible Solutions, *World Customs Journal*, International Network of Customs Universities
- Czinkota, et al (2002) *International Business 6<sup>th</sup> Ed*, Georgetown University, US,
- Dillon, W. R. et al.(1994) *Marketing Research in a Marketing Environment*, 3rd edition, Irwin,
- Djankov, et al (2006) *Trade Facilitation in Africa - Challenges And Possible Solutions*. Centre for Customs and Excise studies,
- Durgavich, J. (2009) *Customs Clearance Issues related to the Import of Goods Related to Public Health Programs*, Arlington, Va USAID / Deliver Project, Task Order 1
- Fisher, C. et al (2010) *Researching and Writing a Dissertation; An essential guide for business students*, Third edition, United Kingdom: Prentice Hall Publication.
- Ghuri et al. (2005) *A practical Guide: Research Methods in Business studies*,3<sup>rd</sup> Ed, New Jersey: Prentice Hall Publication,
- Gupta, O. P. (2005) *Dictionary of Commerce*, Revised Ed, New Delhi: University of Delhi.
- Hornsby, A. S. (2009) *The Oxford Dictionary*, 7<sup>th</sup> Edition



Houser, J. (2007) *Nursing research: reading, using, and creating evidence*. USA: Jones & Bartlett Learning.

[http://dictionary.cambridge.org/dictionary/british/challenge\\_1Definition](http://dictionary.cambridge.org/dictionary/british/challenge_1Definition).

Kanyika, A. S. (2007) *The Causes of Stock-Outs at Zonal Stores and Impacts on Customer Services*, Iringa, Tanzania.

Kasi, P. (2009) *Research: What, Why and How? A Treatise from Researchers to Researchers*, 1<sup>st</sup>, Edition. Bloomington.

kireeva, I and Buyonge, C. (2008) Trade Facilitation in Africa: Challenges and Possible Solutions, *World Customs journal 2<sup>nd</sup> vol*, International Network of Customs Universities

Kitula, M. (2010) *Research Methodology for Postgraduate Students*, Dar Es Salaam: Directorate of Research Publications and Postgraduate Studies the Open University of Tanzania.

Kothari, C.R. (2008) *Research Methodology*, "Revised Edition", New Delhi: Published by new Age International

Manion, et al. (2007) *Research methods in education*, 6th Edition, Routledge.

McLinden, G. (2005) Integrity in Customs, *Customs Modernization Handbook*, Washington DC: the World Bank.

McTiernan, A. (2006) *Customs and Business in Africa: A Better Way Forward Together*, Business Action for Improving Customs Administration in Africa

Mrope, N (2005) *Understanding International Purchasing*, Tanzania: Mzumbe University

Odd-Helge, F (2002) *fighting corruption, the case study of Tanzania revenue authority*, Norway: Chr. Michelsen Institute.

PMAESA Secretariat, (2008) *Consultation Report on Port Congestion at PMAESA Region*, Mombasa, Kenya

Rathor, B. S, (2005) *Export Marketing*, 2<sup>nd</sup> Ed, Himalaya Publishing House, Mumbai

Saunders, M. et al (2009) *Research Methods for Business Students*, Fifth edition, United Kingdom: Prentice Hall.

Tanzania Revenue Authority website: [www.tra.go.tz](http://www.tra.go.tz) accessed on 05/05/2013

TISCAN Tanzania website: [www.tiscan.or.tz](http://www.tiscan.or.tz)

URT, *Public Procurement Act (21) of 2004 and Public Procurement Regulations, 2005*, Dar Es Salaam: Government Printers.

Waters, D. (2003) *Introduction to Supply Chain Management*, Great Britain: Ashford Colour Press

Wilson, F (2008) *Carriage of goods by Sea*, 6<sup>th</sup> Ed, UK: Pitman publishing

World Bank (2004) Trade Facilitation: *Challenges and Opportunities in Eastern Europe and the former soviet union*, Available from: [worldbank.org/INTECA/Resources/tradereport-ch5.pdf](http://worldbank.org/INTECA/Resources/tradereport-ch5.pdf) - Cached, accessed on 15/05/2012

Zikmund, W.G. (2009) *Business Research Method*, 7<sup>th</sup> Ed. USA.

## APPENDICES

Appendix I

PIL (Tanzania) Ltd.  
 P.O. BOX 77940, Peugeot House, 2nd Flr,  
 36, Ali Hassan Mwinyi Road,  
 Dar-es-Salaam, Tanzania.  
 Tel : 255-22-2126061, 2126048  
 Fax : 255-22-2118602

## DETENTION / REPAIR INVOICE

MEDICAL STORES DEPARTMENT  
 11, HILIRERE ROAD, KEKO MWANGA  
 BOX 9081  
 DAR ES SALAAM, TANZANIA.

Number PILF00221855  
 Date 07 May 13  
 Our Ref. 618590  
 Our Cust code 007211  
 Acc.Date 07 May 13  
 Due date 07 May 13  
 Issued by FRANCIS  
 Page 1

Voyage NAG052 29 Mar 12 KOTA NAGA  
 Port DAR ES SALAAM, TANZANIA  
 Ex. Rate USD = 1557.0  
 BL Number HTJDAR12S1039 Dated 28 Feb 12 TXGDAR120000130  
 Status FCL PILN03981013  
 Rcvd, loaded XINGANG  
 Dis n, delvy. DAR ES SALAAM  
 Quantity 2 x 40FT Gross weight 29420.500 KGS  
 Commodity 2029 CTNS  
 Consignee MEDICAL STORES DEPARTMENT  
 Containers 40HC PCIU8019168 40HC PCIU8236369

Charge	Quantity	Uom	Rate	Tax	Cur	Charge	Amount
CONTR DETN	PCIU801916	1 X 40HC			USD		9012.00
	06 Apr 12 to 03 May 13						
CONTR DETN	PCIU823636	1 X 40HC			USD		9036.00
	06 Apr 12 to 04 May 13						
Total amount USD							18048.00

USD Eighteen thousand and forty eight only.  
 Tax Summary :

Amount (TZS) : 28100736.00  
 VAT (TZS) : 0.00  
 Total (TZS) : 28100736.00



ALL AMOUNTS IN TZS ARE FOR INTERNAL USE ONLY.

PLEASE SETTLE THE INVOICE BY THE DUE DATE.

INVOICE RAISED ON BEHALF OF PACIFIC INTERNATIONAL LINES PTE SGP

**Land Container Depot (LCD)**  
**Tanzania Road Haulage (1980) Limited**

Appendix II

**TAX INVOICE**

OUR VAT NO. 10-000482-K	INVOICE / TRHICD/	No. 68407
OUR TIN NO. 100-107-112	DATE..... / .....	28/03/2013
NAME OF CLIENT	C & F Agent : MEDICAL STORES DEPARTMENT Consignee : MEDICAL STORES DEPARTMENT Vessel : KOTA NAGA Invoice No: INV68407	Voyage No: NAG052
V. NO	B/L No: HTJDAH1231039	Arrival Date: 06/04/2012
TICTS INVOICE: 826275		Destination: DAR ES SALAAM

No of pkgs/uni/cntr	Weight (tons)	TYPE	CBM	File Ref	Remarks
2 X 40	14710	FCL		40219	

Tariff Description	No Of Days	Tariff Rate	Units	Amount Charged	
Port Handling			119	2	\$238.00
Removal Charges			150	2	\$300.00
Storage Charges	350	40.80	2		\$46,648.00
✓ VAT EXCLUSIVE	76,441,320.00				Sub Total US\$ \$47,186.00
✓ VAT AMT	13,759,437.60				VAT US\$ \$8,493.48
GRAND TOTAL	90,200,757.60				Total US\$ Pay \$55,679.48

f. Five Thousand Six Hundred Seventy-Nine And Forty-Eight Cents  
 U8019168/A 40 PCIU8236369/A 40  
 Valid Upto: 28/03/2013  
 CONSIGNEE TIN NO. :101060195 VAT NO.  
 Less amount paid US\$ 52,448.92  
 Amount to be paid US\$ 3,580.56

Approved By: *[Signature]* 10:12:11 am

ICATE 53611135F6CF9C9311BF5701BC372353E4AF 0035 00065003 1303281106 0272500883

**TRHIZ CLEARING SE**  
 P. O. BOX 9041 DSM.  
 DUCS RECEIVED ON DATE 24/13  
 BY *[Signature]*

**and Container Depot - (ICD)**  
**Tanzania Road Haulage (1980) Limited.**

Appendix III

APPENDIX III

**TAX INVOICE**

OUR VAT NO. 10-000482-K	INVOICE / TRHICD/	No. 68505
OUR TIN NO. 100-107-112	DATE..... / .....	30-03-2013
NAME OF CLIENT	C & F Agent : MEDICAL STORES DEPARTMENT Consignee : MEDICAL STORES DEPARTMENT Vessel : KOTA NAGA Invoice No: INV68505	Voyage No NAG052
VAT NO	B/L No: HTINAB1251039 TIN NO	Arrival Date : 06/04/2012
TICTS INVOICE: 826275		Destination : DAR ES SALAAM

No of pkgs/unit/ctr	Weight (tons)	TYPE	CBM	File Ref	Remarks
2 X 40	14710	FCL	0	40219	

Tariff Description	No Of Days	Tariff Rate	Units	Amount Charged
Additional Storage	2	80	2	\$320.00
VAT EXCLUSIVE	518,400.00	Sub Total US\$		\$320.00
VAT AMT	93,312.00	VAT US\$		\$57.60
GRAND TOTAL	611,712.00	Total US\$ Pay		\$377.60

Three Hundred Seventy-Seven And Sixty Cents

U8019168/A 40 PCIU8236369/A 40

Charged Upto: 30/03/2013

CONSIGNEE TIN NO. :101060195 VAT NO. :

Prepared By

11:18:38 am

Approved By

DUPLICATE  
 944F25F7BC1BCB06C904C8B09C0E1238DFC2C606 0071 C0065297 1303301213 02T2500883

## QUESTIONNAIRE

Dear Respondent

This questionnaire is designed to enable the researcher to obtain information of the common challenges facing MSD in customs clearance of goods at sea port. The study is for academic purpose only and the responses will be kept in confidential manner.

Please fill in the blanks or tick in the bracket according to the questions requirements.

Questionnaire No. \_\_\_\_\_

**GENERAL QUESTIONS:** *the General questions are desired to provide brief information about the respondents.*

I. What is your gender?

Male [ ]

Female [ ]

II. Under which category does your age fall?

Under 25 years [ ]

Between 26-35 years [ ]

Between 36-45 years [ ]

Between 46-55 years [ ]

Above 55 years [ ]

III. What is the current level of your education?

Certificate [ ]

Diploma [ ]

Degree [ ]

Masters [ ]

CPA [ ]

**Part A:** *The main purpose of the questions in Part A is to find out how MSD prepares itself and the procedures for clearance of drugs and medical supplies from Dar Es Salaam sea port*

I. Do you think MSD has the staffs with the required qualifications in relation to the clearing activities?

Yes [ ]

No [ ]

Don't know [ ]

II. Being aware with the number of Inland Container Depots (ICD) in Dare s salaam, how do you come to know that a specific consignment is temporarily stored at a particular ICD?

---



---



---

III. According to your experience with customs clearing of incoming goods through Sea Port, what are the optimum preparations for clearance of imported goods?

---



---



---

IV. How long does it typically take you in most cases to clear pharmaceuticals and related shipments from port of entry?

1 to 15 days [ ]

15 to 30 days [ ]

16 days to 40 days [ ]

Above 40 days [ ]

**Part B:** *The main purpose of the questions in Part B is to identify the common causes of deliverance delay of goods from sea port to MSD*

- V. Does the long process and procedures set by the government contribute to the increase of clearing times at TPA?
- Yes [ ]
- No [ ]
- Don't know [ ]
- VI. Do you agree that, the management of MSD provides the required level of support to clearing staff in daily activities?
- Highly agree [ ]
- Agree [ ]
- Average agree [ ]
- Disagree [ ]
- Don't know [ ]
- VII. Does the Tanzania Port Authority off-load the company cargoes from vessels timely?
- Yes [ ]
- No [ ]
- Don't know [ ]
- VIII. Have the introduction of electronic clearing and forwarding contributed to the delay of clearing goods from port of entry?
- Yes [ ]
- No [ ]
- Don't know [ ]
- IX. Do you think the introduction of bank to bank payment (TISS) for the transactions has increased the delay of clearing of cargo from sea port?
- Yes [ ]
- No [ ]
- Don't know [ ]
- X. Do the introduction of ICD contributed to clearing delay of goods?
- Yes [ ]
- No [ ]
- Don't know [ ]



- XI. In the last 12 months, has a pharmaceutical shipment to MSD experienced any of the following situations due to customs clearance delay in port of entry? (*tick which is applicable*)

	<i>Yes</i>	<i>No</i>
Delay in port exceeding 14 days.....	[ ]	[ ]
]		
Unexpected port costs such as demurrage charges.....	[ ]	[ ]
]		
Product wastage due to improper storage at port.....	[ ]	[ ]
]		
Loss due to damage or theft at port.....	[ ]	[ ]
]		
Loss due to expiry at port.....	[ ]	[ ]
]		
Stockout at the MSD while goods delayed at port.....	[ ]	[ ]
]		

- XII. What is the longest clearance delay of sea port shipments you personally have experienced at MSD in the last 12 months? \_\_\_\_\_ days

- XIII. Due to complexity of clearance procedures at sea port, with which steps you have experienced unreasonable sources of clearance delay? (*Tick which is applicable*)

	<i>Yes</i>	<i>No</i>
Offloading goods from vessel.....	[ ]	[ ]
]		
Delivery of goods to customs/ICDs for temporary storage	[ ]	[ ]
]		
Lodging documents and declaration.....	[ ]	[ ]
]		
Licensing issues such as import permit.....	[ ]	[ ]
]		
Payment of duties and other port charges.....	[ ]	[ ]
]		

Inspection processes.....	[ ]	[ ]
]		
Approvals from regulatory bodies/agencies .....	[ ]	[ ]
]		
Duty exemption procedures.....	[ ]	[ ]
]		
Releases of goods by customs agent.....	[ ]	[ ]
]		

XIV. Any other steps? please specify

---



---



---



---

XV. Among cleared items by 2012 – 2013, what is estimate of delayed consignment among cleared consignments?

0% - 20% Delayed	[ ]
20% - 40% Delayed	[ ]
40% - 60% Delayed	[ ]
Above 60% Delayed	[ ]

**Part C:** *The main purpose of the questions in Part C is to assess the impacts that MSD experiences from delayed goods from Sea Port; and ultimately recommend on the best ways to speed up clearing activities*

XVI. From your experience, to what extent do you think MSD is affected by delay of deliveries from ports?

---



---



---



---

XVII. In your opinion, what should be done to improve the process for clearing of goods imported through sea port?

---

---

---

---

---

---

**INTERVIEW QUESTIONNAIRE**

I. Being aware with the number of Inland Container Depots (ICD) in Dare s salaam, how do you come to know that a specific consignment is temporarily stored at a particular ICD?

---

---

---

II. According to your experience with customs clearing of incoming goods through Sea Port, what are the optimum preparations for clearance of imported goods?

---

---

---

---

---

III. What is the longest clearance delay of sea port shipments you personally have experienced at MSD in the last 12 months? \_\_\_\_\_ days

IV. From your experience, to what extent do you think MSD is affected by delay of deliveries from ports?

---

---

---

---

In your opinion, what should be done to improve the process for clearing of goods imported through sea port?

---

---

---

---

---

---

Table 1. Activities Involved in Clearing Donations through Customs, Tanzania 2006

ACTIVITIES	Agencies	Documents	Time	Cumulative
<b>PREPARATION</b>				
<i>Inspection prior to shipment</i>	5 Agencies: Exporter, Importer, Director of Finance and Administration (DFA), Tiscan, Cotecna <sup>2</sup>	7 Documents: Pro-forma Invoice, Import Declaration Form, Donation Certificate (or Tax Exemption), Request for Information, Bill of Lading (or AWB), Commercial Invoice, Packing list	18 days	18 days
<b>SHIPMENT OF GOODS</b>				
<i>Exporter sends shipping documents</i>	1 Agency: Exporter	3 Documents: Bill of Lading (or AWB), Commercial Invoice, Packing list	5 days	23 days
<i>Determine dutiable value using ACV</i>	3 Agencies: Cotecna, Tiscan, DFA	4 Documents: Provisional Classification and Valuation Report, Application for Single Bill of Entry Form and Tax Exemption (if applicable), Final Classification and Valuation Report (or Declared Valuation and Classification Report for value under \$5,000), and a Single Bill of Entry	6 days	29 days
<i>Prepayment of Duties and Taxes (Taxes are paid; OTHERWISE an exemption is processed)</i>	1 Agency: DFA		5 days	34 days
<i>TFDA approval / registration (Concurrent)</i>	2 Agencies: Importer, Tanzania Food and Drugs Authority (TFDA)	1 Document: Pro-forma Invoice	2 days	
<i>Processing tax exemption (Concurrent)</i>	4 Agencies: Donor, Ministry of Health, Implementing Partner, Clearing Agent	2 Documents: US Embassy – PRO6, CA VAT 220A	6 days	40 days
<b>ARRIVAL IN PORT</b>				
<i>Customs Documentation</i>	3 Agencies: Clearing Agent, Tanzania Revenue Authority (TRA), Customs Department	4 Documents: Declaration & Disposal Order (attached with SBE, AWB/B/L and invoices)	12 days	52 days
<i>Customs warehouse rental payment (paid to customs department) (Concurrent)</i>	2 Agencies: DFA, Customs Department		5 days	
<i>Demurrage cost payment (paid to the shipping line which releases original Bill of Lading) (Concurrent)</i>	2 Agencies: DFA, Shipping Line		5 days	57 days
<i>Shipment handling &amp; delivery to MSD</i>	4 Agencies: Tanzania International Container Services, DFA, Customs Department, MSD	4 Documents: Delivery Order (attached with Commercial Invoice), Tax Invoice, Interchange Receipt, Booking for Loading	10 days	67 days

Note: Abstracted from "Customs Clearance & Forwarding Processes Table," prepared by Daniel Mmari for the Government of Tanzania Medical Stores Department and the USAID | DELIVER PROJECT, unpublished, 2006.

260 From Disintegration to Reintegration: Eastern Europe and the Former Soviet Union in International Trade

TABLE 5.8  
Summary of Major Constraints and Challenges in the Sub-Regions

	Border crossings and customs	Transport sector	Standards	Infrastructure and services
Central Asia	<ul style="list-style-type: none"> <li>Political tension at borders</li> <li>Uncertainty about implementation of new customs codes and standards</li> <li>Excessive number of documents required</li> <li>Inconvenient location of border posts</li> <li>Lack of cooperation among border agencies</li> <li>Limited application of information technology in border clearance systems</li> </ul>	<ul style="list-style-type: none"> <li>Limited access to seaports (critical for landlocked countries)</li> <li>Limited rail and road networks to neighboring countries (for example, China) other than Russia</li> <li>Deteriorating railway network inherited from the FSU</li> <li>A lack of reliable transport service and regulation</li> </ul>	<ul style="list-style-type: none"> <li>Limited information on initiatives that involve standards and conformity assessment requirements at the border</li> </ul>	<ul style="list-style-type: none"> <li>Lack of basic information technology infrastructure to support e-commerce, especially in Turkmenistan and Tajikistan</li> </ul>
Caucasus	<ul style="list-style-type: none"> <li>Closed borders resulting from conflicts and wars (for example, Armenia and Azerbaijan)</li> <li>A lack of regional harmonization of customs practices</li> <li>Limited transparency in clearance regulation and procedures</li> <li>Corruption/unofficial payments</li> <li>Limited application of information technology in border clearance systems</li> </ul>	<ul style="list-style-type: none"> <li>Limited utilization of port capacity</li> <li>Rail and road networks in need of repair or replacement</li> <li>Lack of harmonized transport regulations and duties</li> <li>Low level of private sector participation in infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>Limited information on initiatives that deal with standards and conformity assessment</li> </ul>	<ul style="list-style-type: none"> <li>Low level of information technology infrastructure to support e-commerce, especially Internet hosts</li> </ul>
EU-8	<ul style="list-style-type: none"> <li>Continued problems with unofficial payments at the new EU external border with Russia and Belarus</li> </ul>	<ul style="list-style-type: none"> <li>The growing need to adopt information technology in port management</li> <li>A lack of participation of domestic companies in port operation</li> <li>Liberalization of transport sectors (for example, railway) lagging behind original EU members</li> </ul>	<ul style="list-style-type: none"> <li>A need to address technical barriers between the EU-8 and non-EU member countries</li> </ul>	<ul style="list-style-type: none"> <li>Relatively well-developed information technology infrastructure, yet a need to work on privatization in some countries (Strictly regulated fixed-line telephone service in Slovenia and Czech Republic)</li> </ul>
SEE	<ul style="list-style-type: none"> <li>"Temporary" customs systems still in place after independence</li> <li>Unofficial border crossings</li> <li>Corruption/unofficial payments</li> <li>Lack of regional coordination and cooperation</li> <li>Outdated customs and border facilities</li> <li>Lack of interagency cooperation in border clearance</li> <li>A need to update technology applied in customs</li> <li>Variations in interpreting legislation and procedures</li> <li>The overall complexity of procedures</li> </ul>	<ul style="list-style-type: none"> <li>Decreasing demand for transport services in some areas</li> <li>Transport infrastructure damaged by conflicts</li> <li>Low maintenance and poor quality of transport infrastructure</li> <li>A need to further reconstruct transport infrastructure</li> <li>Low levels of investment funding to upgrade transport infrastructure</li> <li>A need to liberalize transport services</li> </ul>	<ul style="list-style-type: none"> <li>The increasing need to align standards with the EU acquis</li> <li>EU accession candidate countries lacking administrative capacity to enforce EU legislation</li> </ul>	<ul style="list-style-type: none"> <li>The low level of information technology infrastructure to support e-commerce in some countries (for example, Albania)</li> <li>A lack of fair competition in Albania, Bosnia and Herzegovina, and Serbia and Montenegro resulting from low degree of privatization of telecommunication services</li> </ul>
Russian Federation, Belarus, Moldova, Ukraine	<ul style="list-style-type: none"> <li>Informal payments</li> <li>Variation in interpreting legislation and procedures among customs agencies (for example, Russia)</li> <li>Frequent changes in customs legislation (for example, Moldova)</li> </ul>	<ul style="list-style-type: none"> <li>Transport links disrupted by conflicts (for example, the Trans-Nystria conflict affected transport links between Moldova and Ukraine)</li> <li>Low levels of investment in transport sector</li> <li>Antiquated railway rolling stock (for example, Moldova)</li> <li>Low percentage of paved roads in Russia</li> </ul>	<ul style="list-style-type: none"> <li>Insufficiently integrated standardization system in Ukraine</li> <li>Lack of private sector involvement in setting and enforcing standards (for example, Ukraine)</li> </ul>	<ul style="list-style-type: none"> <li>A low number of Internet hosts</li> </ul>