AN ASSESSMENT OF THE CHALLENGES FACING THE CUSTOMS CLEARANCE OF GOODS AT SEA PORT: A CASE STUDY OF MEDICAL STORES DEPARTMENT, DAR ES SALAAM.
AN ASSESSMENT OF THE CHALLENGES FACING THE CUSTOMS CLEARANCE OF GOODS AT SEA PORT: A CASE STUDY OF MEDICAL STORES DEPARTMENT, DAR ES SALAAM.

By:

MESHACK L. SIWANDETI

A Dissertation submitted to the Dare es Salaam Campus College in partial full fulfillment of the requirements of Masters of Science in Procurement and Supply Chain Management (Msc.PSCM) Degree of Mzumbe University.

2013
CERTIFICATION

The undersigned certifies that, he has read and hereby recommends for acceptance by the Mzumbe University (Dar es Salaam Campus) a Research Report entitled “Challenges Facing the Public Sector in Customs Clearance of Imported goods through Sea Port A Case study of Medical Stores Department (MSD)” in partial fulfillment of the requirements for the award of masters degree of Procurement and Supply Chain Management (MSC PSCM) of Mzumbe university.

_______________________________________________

Major Supervisor

_______________________________________________

Internal Examiner

Accepted for the Board of …………………………………………………

_______________________________________________

DEAN/DIRECTOR, FACULTY/DIRECTORATE/SCHOOL/BOARD
DECLARATION AND COPYRIGHT

I, Meshack Loisujaki Siwandeti, declare that this main research report is my own original work and to the best of my knowledge it has not been presented to any Institution for similar or any other degree award.

Signature:………………………………………………………

Date…………………………………………………………

© Copyright

This report should not be reproduced by any means, in full or in part, except for short extract in fair dealings, for research or private study, critical scholarly review or discourse with an acknowledgement, without written permission from the author or Mzumbe University on behalf.
ACKNOWLEDGEMENT

I thank the Almighty God for his blessings and guidance throughout my life as well as academic activities in particular.

Special thanks should go to my supervisor Prof. Damas Muna, for his guidance, patience and genuine criticisms, together with my efforts which have resulted into fruitful work. He accorded me the guidance at each stage of the research process that helped me a lot. I wish to extend my sincere gratitude to staff of Medical Stores Department-Head Office for their support, cooperation and encouragement during my studies.

I owe special debt to my lovely wife Pendael who during various time of disappointment, encouraged and gave me the power to go ahead, she extended her unconditional love exceptionally. My sons Shedrack and Abedinego deserve my acknowledgement for their tolerance when they missed to play with their daddy.

To all of my friends and staffs, I don’t have the right words to express for their support, good advice and encouragement up to the end of my academic program. I appreciate the invaluable time granted to me by all who participated in responding to my questions. Their co-operation and tolerance made possible the coherence and clarity of this final product. Thanks to all, whom in one way or another offered support but could not be mentioned due to space and time constraints.

Lastly, I would like to stress that the above named person and institutions are in no way associated with my errors of facts, omission, or any other shortfall that may be found in this study. Such shortcomings are entirely my personal responsibility.
DEDICATION

I dedicate this dissertation to my lovely wife, Pendaël, lovely sons, Shadrack & Abednego, Lovely Parents, Mr & Mrs Loisujaki and my young brothers and sister. They have always been the spirit of my inspiration through their tireless efforts and encouragement in my education that has contributed much to my academic achievement.
# LIST OF ABBREVIATIONS AND ACRONYMS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>BE</td>
<td>Bill of Entry</td>
</tr>
<tr>
<td>BOT</td>
<td>Board of Trustees</td>
</tr>
<tr>
<td>CFR</td>
<td>Cost and Freight</td>
</tr>
<tr>
<td>CIF</td>
<td>Cost Insurance and Freight</td>
</tr>
<tr>
<td>CVR</td>
<td>Classification Valuation Report</td>
</tr>
<tr>
<td>DCVR</td>
<td>Declared Classification and Valuation Report</td>
</tr>
<tr>
<td>DDP</td>
<td>Delivery Duty Paid</td>
</tr>
<tr>
<td>DI</td>
<td>Destination Inspection</td>
</tr>
<tr>
<td>DO</td>
<td>Delivery Order</td>
</tr>
<tr>
<td>EXW</td>
<td>Ex-Work</td>
</tr>
<tr>
<td>FAS</td>
<td>Alongside Ship</td>
</tr>
<tr>
<td>FCA</td>
<td>Free Carrier</td>
</tr>
<tr>
<td>FCVR</td>
<td>Final Classification and Valuation Report</td>
</tr>
<tr>
<td>FOB</td>
<td>Free on Board</td>
</tr>
<tr>
<td>IC</td>
<td>International Chamber of Commerce</td>
</tr>
<tr>
<td>IDF</td>
<td>Import Declaration Form</td>
</tr>
<tr>
<td>IFR</td>
<td>Internal Finding Report</td>
</tr>
<tr>
<td>INCOTERM</td>
<td>International CoMaterial Data Sheet</td>
</tr>
<tr>
<td>MoHS</td>
<td>Ministry of Health and Social Welfare</td>
</tr>
<tr>
<td>MSD</td>
<td>Medical Stores Department</td>
</tr>
<tr>
<td>NPA</td>
<td>Nigeria Port Authority</td>
</tr>
<tr>
<td>PCVR</td>
<td>Preliminary Classification Valuation Report</td>
</tr>
<tr>
<td>P</td>
<td>Public Procurement Act</td>
</tr>
<tr>
<td>SBE</td>
<td>Single Bill of Entry</td>
</tr>
<tr>
<td>TPA</td>
<td>Tanzania Port Authority</td>
</tr>
<tr>
<td>TRA</td>
<td>Tanzania Revenue Authority</td>
</tr>
<tr>
<td>VAT</td>
<td>Value Added Tax</td>
</tr>
<tr>
<td>WWW</td>
<td>World Wide Websites</td>
</tr>
</tbody>
</table>
ABSTRACT

This study aimed at addressing the “challenges facing the public sector in customs clearance of imported goods through Sea Port and their impacts on the overall operations at the Medical Stores Department (MSD)” in Dar es Salaam. The general objective of this research was to document the challenges facing the public sector in customs clearance of imported goods through Sea Port and their impacts on the overall operations, at the MSD. This research was designed as descriptive and diagnostic and was conducted as case study at the Medical Stores Department (MSD) in Dar Es Salaam.

Non random sample of employees were chosen specifically judgmental sampling method was used, where by 20 respondents from clearing section were chosen by the researcher. In presenting and analyzing the data, both descriptive and analytical statistical methods were employed. The data collection methods during the study comprised of interviews, observations, questionnaires and documents examination.

The main findings and analysis of the study was based on the data collected from questionnaires, documentary reviews and the interviews made during the study. In general among the findings were the Import clearance procedures in Tanzania being too long, complicated and not allowing timely delivery of goods to MSD. Lack of representatives from all key offices concerned in clearing procedures such as customs, regulatory authorities, shipping lines to the Port, hence necessitate individual office to be visited in separate occasions. Other findings were unscheduled deliveries of donors funded consignments appeared by 85%; small number of Clearing Officers by 90%, lack of push money (corruption) appeared by 95% and late payment of invoices for regulatory boards appeared by 85%.

Firstly, the researcher is recommending to the MSD the following: It should increase the number of clearing staff from the currently twenty staffs to at least twenty five who can handle clearing of all goods procured by MSD as well as those procured by donors. The payment procedures 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.
Secondly, the government should allocate all key offices involved with clearing process such as customs and regulatory authorities near ports. Set a unified single document that could be completed within few hours while accommodating all the requirements of the key authorities required for clearing of consignment.
# TABLE OF CONTENTS

CERTIFICATION ........................................................................................................... i
DECLARATION AND COPYRIGHT .............................................................................. ii
ACKNOWLEDGEMENT ............................................................................................... iii
DEDICATION ................................................................................................................ iv
LIST OF ABBREVIATIONS AND ACRONYMS .......................................................... v
ABSTRACT .................................................................................................................. vi
TABLE OF CONTENTS ............................................................................................... viii
LIST OF TABLES ......................................................................................................... xi
LIST OF APPENDICES ............................................................................................... xiii

## CHAPTER ONE ........................................................................................................ 14
INTRODUCTION AND BACKGROUND TO THE STUDY ........................................... 14
1.0 Introduction ........................................................................................................... 14
1.1 Historical background of medical stores department and background of the problem 14
1.1 Statement of the researcher problem ................................................................... 15
1.4 Objectives ............................................................................................................ 16
1.4.1 General objectives .......................................................................................... 16
1.4.2 Specific Objectives ....................................................................................... 16
1.5 Research questions ............................................................................................ 16
1.5.1 General questions .......................................................................................... 16
1.5.2 Specific questions .......................................................................................... 16
1.6 Significance of the Study ................................................................................... 17
1.7 Limitations of the study. ..................................................................................... 17
1.8 Scope of the Study .............................................................................................. 17
1.9 Organization of the Study ................................................................................... 18

## CHAPTER TWO ........................................................................................................ 19
LITERATURE REVIEW ............................................................................................... 19
2.0 Introduction ........................................................................................................... 19
2.1 Literature review ............................................................................................... 19
2.1.1 Definitions of key terms ............................................................................... 19
2.2 Theoretical literature review ............................................................................. 22
2.2.1 Clearing process at customs ........................................................................ 22
2.2.2 Theories governing customs clearance of goods ......................................................... 23
2.3 Empirical literature review ......................................................................................... 34
2.3.1 Studies conducted in EU countries and Asia .......................................................... 34
2.3.2 Study conducted in Africa ....................................................................................... 34
2.3.3 Studies conducted in Tanzania ............................................................................... 35
2.5 Conceptual framework ............................................................................................... 36
2.6 Theoretical framework ............................................................................................... 38

CHAPTER THREE ............................................................................................................... 40
RESEARCH METHODOLOGY ............................................................................................ 40
3.0 Introduction ................................................................................................................ 40
3.1 Research paradigm ..................................................................................................... 40
3.2 Research design ......................................................................................................... 41
3.3 Area of the study ....................................................................................................... 42
3.4 Types of measurement .............................................................................................. 42
3.5 Measurement scales ................................................................................................ 43
3.6 Population and sample size ...................................................................................... 43
3.6.1 Systematic sampling procedures for documents ..................................................... 44
3.6.2 Purposive sampling procedures ............................................................................ 44
3.6.3 Convenience sampling procedures ....................................................................... 45
3.7 Sources data ............................................................................................................. 45
3.7.1 Primary data ......................................................................................................... 45
3.7.2 Secondary data ..................................................................................................... 45
3.8 Data collection tools .................................................................................................. 46
3.8.1 Interviews ............................................................................................................ 46
3.8.2 Observation ......................................................................................................... 46
3.8.3 Questionnaires .................................................................................................... 47
3.9 Validity and reliability .............................................................................................. 47
3.9.1 Validity ................................................................................................................ 47
3.9.2 Reliability ............................................................................................................ 48
3.10 Data management and analysis ................................................................................ 48
CHAPTER FOUR ................................................................................................................................. 50
PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS ..................................................... 50
4.1 Introduction .................................................................................................................................... 50
4.2 Data analysis and interpretation ................................................................................................. 50
4.3 Discussion of the research findings ............................................................................................ 56
4.3.1 Preparation and clearance of goods from sea port ................................................................. 56
4.3.2 Challenges experienced by clearing officers at MSD .............................................................. 57
4.3.3 Reasons for delaying goods from sea port to MSD ............................................................... 59
4.3.4 Delayed customs clearance and its impacts to MSD ............................................................ 60

CHAPTER FIVE ...................................................................................................................................... 62
SUMMARY, CONCLUSION AND RECOMMENDATIONS ................................................................. 62
5.1 Introduction .................................................................................................................................... 62
5.2 Summary of the Findings ............................................................................................................. 62
5.2.1 Challenges Observed at the MSD Management ..................................................................... 62
5.2.2 Challenges Observed at the Government of Tanzania ............................................................ 63
5.2.3 Strength Observed at MSD .................................................................................................... 63
5.3 Conclusion ..................................................................................................................................... 64
5.4 Recommendations ....................................................................................................................... 64
5.5 Implications of the Study ............................................................................................................. 66
5.5.1 Policy Implications .................................................................................................................. 66
5.5.2 Policy Implications .................................................................................................................. 66
5.6 Area for Further Study ................................................................................................................ 67
REFERENCES ....................................................................................................................................... 68
LIST OF TABLES

Table 4.1: Distribution of Respondents on the presence of Manual for Clearing Procedures in Tanzania.................................................................................................................. 51
Table 4.2: Distribution of Respondents on the Preparation and Clearance of Imported Drugs.......................................................................................................................... 51
Table 4.3: Distribution of Respondents on the Examination of Accountability of Clearing Section ......................................................................................................................... 52
Table 4.4: Distribution of Respondent in Various Reasons Causing Late Delivery of Cleared Goods .................................................................................................................... 53
Table 4.5: Assessing the Presence of Clearing Procedures Approved by TRA .................. 54
Table 4.6: Clearing Delay and its Extent to Stagnation of Operations .............................. 55
LIST OF FIGURES

Figure 2.1: Conceptual Framework ........................................................................ 37
## LIST OF APPENDICES

<table>
<thead>
<tr>
<th>Appendix</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appendix I</td>
<td>First demurrage payment order</td>
</tr>
<tr>
<td>Appendix II</td>
<td>Second demurrage payment order</td>
</tr>
<tr>
<td>Appendix III</td>
<td>Invoice for demurrage cost</td>
</tr>
<tr>
<td>Appendix IV</td>
<td>Questionnaries</td>
</tr>
<tr>
<td>Appendix V</td>
<td>Clearing schedule as per usaid report</td>
</tr>
<tr>
<td>Appendix VI</td>
<td>Summary of major constraints and challenges in sub-regions</td>
</tr>
</tbody>
</table>
CHAPTER ONE

INTRODUCTION AND BACKGROUND TO THE STUDY

1.0 Introduction
This chapter comprises of the background of the Medical Stores Department (MSD), background of the problem, statement of the problem, research objectives, and research questions, significance of the study, scope of the study and organization of the study.

1.1 Historical background of medical stores department and background of the problem
The Medical Stores Department (MSD) was created by an act of Parliament in 1993. MSD is an autonomous department of the Ministry of Health and Social Welfare. The management reports to a board of trustees (BOT), which provides guidance and oversight to MSD operations. MSD's commercial operations provide revolving funds for the maintenance and growth of the department through cost effective operations, transparency and integrity.

Vision
To provide quality medical services closer to people.

Mission Statement
To make available at all times essential drugs and medical supplies of acceptable quality at cost-effective prices to the population through government, approved non-government and private health facilities.

MSD's Overall Objective
To develop, maintain and manage an efficient and cost-effective procurement, storage and distribution of essential drugs and medical supplies required for use within the country at all times.

Distribution
MSD provides its services to the entire country ranging from cities, towns to remote villages through zonal stores maintained in eight regions.
1.2 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 requirements at the destination country and prepare plans to fulfill them. Despite the preparations made by clearing officers at MSD, still the delivery of goods from Dar es laam port to the MSD 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 shelves by customers whenever they require them, but frequently they are found out of stock and the reasons behind is also clearing delay from the sea port. Delivery delay causes emerging and increase of demurrage costs as well, due to delayed returnable containers. (Appendix I)

The challenge of lack of essential drugs and increasing operational costs, prompted the researcher to find the reasons as to why does the MSD experience such frequent clearing delays in spite of having shipping documents in advance to enable the preparation and ultimately clearance of goods.

1.1 Statement of the researcher problem

The MSD, through procurement obtains goods and services at the required level, with right quality, at right price, delivered at right place within right time; Besterfield et al (2003). The 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 an inevitable task. The company is frequently paying a lot of its funds to shipping lines as demurrage costs (Appendices I & II). Despite the costs paid the MSD is facing delays clearance of goods which ultimately creates lack of stocks for essential drugs.

The challenges that the MSD encounters in clearing of drugs, lead further to increasing challenges in provision of health services at government and private hospitals all over the country, especially due to lack of essential drugs at MSD. This is because the MSD is the only authorized organization with the mandate of procuring, storage and distribution of medical supplies and drugs to public hospitals, private hospitals and other users who are authorized to use its services.
Due to the challenges faced by the MSD delivery of services prompted the researcher to investigate 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, so that both the MSD and government could institute appropriate measures to address these challenges and reduce the problems of stock-out at MSD which are frequently reported by Tanzania media.

1.4 Objectives
1.4.1 General objectives
To document the challenges facing the public sector in customs clearance of imported goods through Sea Port and their impacts on the overall operations.

1.4.2 Specific Objectives
i) To describe the practices of preparation and clearance procedures of imported drugs and medical supplies from Dar Es Salaam Sea Port to MSD.

ii) To identify the challenges encountered by MSD Clearing Section that render inefficiency delivery of goods from Dar Es Salaam Sea Port.

iii) To identify the causes of delivery delays of goods from sea port to MSD despite the presence of clearing procedures approved by TRA.

iv) To document the extent to which the challenges in customs clearing process at Sea Port contribute to stagnation of operations at the MSD.

1.5 Research questions

1.5.1 General questions
What are the challenges facing the public sector in customs clearance of goods at Sea Port and their impacts on the MSD overall operations?

1.5.2 Specific questions
i) What are the practices at MSD in the preparation and clearance of drugs and medical supplies from Dar Es Salaam sea port?
ii) What challenges are facing the MSD clearing section which renders it to be inefficient in the delivery of drugs and medical supplies from sea port?

iii) What are the causes of delivery delays of goods from seaport to MSD despite the presence of clearing procedures approved by TRA?

1.6 Significance of the Study
This study has provided Mzumbe University with relevant data that will guide other researchers to develop new studies. The study will earmark the areas facing the challenges leading to late delivery 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.

The findings of this study are expected to stimulate MSD management to be proactive to sensitive issues that render unnecessary costs to its operations.

1.7 Limitations of the study.
This research study aimed at coming up with possible alternative solutions to the challenges facing MSD on customs clearance of goods at sea port. The findings are limited to the extent to which the management of MSD applies proper procedures on customs clearance for its goods and decision making. All data was also limited to the information available in the company records, minutes, journals and in house publications of the institution. The hardship experienced by researcher was financing and confidentiality of information but more effort applied to meet the research objectives.

1.8 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 was in the Clearing Section since it is the core section that deals with clearing of goods from sea port, airport and from inland frontiers. The study was delimited to the clearing of goods imported through sea port. Essentially, the study touched the warehouse section since MSD acts as the link between importers or manufactures and the customers who are government and private hospitals as well as other authorized bodies.
1.9 **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, and objectives of the study, significance of the study, scope of the study and organization of the study. The second chapter deals with the literature review which comprises both theoretical and empirical literature reviews. The third chapter is on research methodology which sampling procedures describes the research type, area and population of the study and sample size, data collection methods and data analysis. Chapter four provides the findings and the analysis of data which focused in answering the research questions. Chapter five provides the conclusion, recommendations and policy implications of the study. The chapter also provides areas for further research.
CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter deals with theoretical and empirical literature reviews. The chapter starts with the definitions of key terms, procedures, and the factors for clearance delay in developing countries and the improvements which have been done by some developed and developing countries. In general, the tries to focus and highlight on the important issues and/or aspects of importation in which clearing of goods is essential. The study also attempts to point out the significance and the relationship of the concepts in conceptualizing of the theories and practices clearing of goods. The issues covered are the definitions and details on sea port cargoes, transportation and various transactions taken by trading parties from different companies.

2.1 Literature review

2.1.1 Definitions of key terms

International Logistics

Czinkota et al (2002) define International logistics as design and management of a system that controls the flow of materials into, through, and out of the international corporation. It encompasses the total movement concept by covering the entire range of operations concerned with goods movement, including both exports and imports respectively. 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 a joint 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.

**A bill of Lading**

Czinkota et al (2002) define 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.

**Procuring Entity**

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

**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 an invoice to prove ownership and to arrange payment. Some governments use the commercial invoice to assess customer duties.
Packing List
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 a particular consignment under the issued invoice.

Certificate of Origin
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 favorable 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 thee term are public taxes on the goods crossing borders of a territory. The import and export duties are collectively termed as customs duties (Gupta, 2005)

Challenge
Challenges is any difficulty in a job 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; (Hornsby, 2009).

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)

2.2 Theoretical literature review

2.2.1 Clearing process at customs

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 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. The experience of Nigeria shows us the following:

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 are completed.

2.2.2 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 based on this value in the Provisional Classification and Valuation Report (PCVR) and on the Classification and Valuation Report (CVR). The PCVR 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.
Tanzania customs and excise department

This 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 are:

a) 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.

b) 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.

c) Vat on Imports: The value added tax is levied on all imported goods except for the ones exempted by the VAT act of 2007.

d) Fuel Levy: this is tax levied on importation of petroleum imported into the country.(www.tra.go.tz/index.php).

Payment of 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.

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 INCOTERMS 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.

**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)

**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.

**The Details Required From Oversea Supplier**

They 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; 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, 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. Others are Goods Certificate of Origin and Proforma Invoice whose number and final invoice number must read the same.

The destination inspection (DI) in Tanzania

The Tanzania Revenue Authority mandated that effectively from July 1st, 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.

**Destination inspection (DI) process**

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.

**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).

**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 Preliminary Classification and Valuation Report; and Declared Classification and Valuation Report (PCVR).

The importer at second time after receiving the PCVR should assess if the details included comply to the goods to be cleared and after satisfaction signs and applies for classification Valuation Report (CVR) from TRA.

TRA after confirmation of the details and endorsement made by importer on the PCVR issues the final Classification and valuation Report.

Importer after receiving CVR should Firstly, pays the bank the duties and taxes as indicated in the CVR 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 to 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)).

**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 corporate, 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)

**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.

**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)

2.3 Empirical literature review
2.3.1 Studies conducted in 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).

2.3.2 Study conducted in Africa
Djankov, et al (2006) Throug 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.

2.3.3 Studies conducted in 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 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 Creek and Irina (2008) above, were the results of surveys made at wide regions in 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.

2.5 Conceptual framework
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.
The brief illustration on Figure 2-1, highlight on how the delays in cargo clearance are caused by inefficient processes being implemented by government agencies and the high rate of inspection especially physical examination of containers. “The high rate of physical examination is enough to cause delays in cargo clearance at the port. There is nowhere in the world where such is done. Apart from this, the process of nominating containers for scanning is also faulty.

In many countries, clearing pharmaceutical consignments from Seaport and others ports is an inefficient and time-consuming activity that leads to financial losses. Unlike products that are nonperishable or indestructible, medicines and medical supplies can be damaged by poor handling and inadequate or poor storage conditions. They are also highly attractive to thieves. Thus, there is a critical need to clear pharmaceuticals and other temperature-sensitive and high-value products, such as HIV test kits, as quickly as possible after delivery to any port.

Financial losses caused by poor port-clearing management, such as the following, can be extensive and are often proportional to the delay in the port.

- Shelf life can be affected when products are kept in the port under incorrect storage conditions. In the case of vaccines and other temperature-sensitive products, the
product may be rendered unusable or extra costs may be incurred to test the potency of the items.

- The likelihood of theft and product deterioration or damage is increased, especially when cartons are damaged by poor handling or are handled multiple times.
- Storage fees (demurrage) can result from delay in clearing; such fees are often substantial.
- Port-clearing delays result in longer delivery lead times.
- Capital funds are tied up by port-clearing delays, which worsen cash flow problems in programs operating revolving drug fund.

2.6 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 habit exists can lead to late delivery because the 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 be reasons for prolonged time of delivery of goods from seaport to MSD.
CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction
Research methodology is a systematic approach through which research is undertaken. 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.

3.1 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 types of paradigms to understand the reality; Positivism, Interpretivism and Realism

a) **Positivism** philosophical approach is mainly related with the observations and experiments to collect numerical data

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

c) **Realism**
This research philosophy mainly concentrates in the reality and beliefs that already exist in the environment. In this philosophical approach, two main approaches are direct and critical realism. Direct reality means, what an individual feels, sees, hears, 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 an individual tries to prove his beliefs and values.

This study applied realism philosophy at MSD the researcher was part of the clearing section and what was recorded was genuinely coming from the right people.

3.2 Research design
Research design is a plan for collecting and utilizing data so that desired information can be obtained with sufficient precision so that the hypotheses 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. This research was designed as descriptive and diagnostic and was 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. A 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 research; the facts can easily be verified on the spot though observation by the researcher
who becomes part of the organization; a case study becomes a true representative of the population in the study of alike industries hence generalization is possible; and a case study is both time and cost effective taking into account 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.

3.3 Area of the study
The research was conducted at the medical stores department in Dar Es Salaam as a case study whereby much concentration based in clearing section because it is the section which have direct contacts with the goods on clearing process. The Medical Stores Department (MSD) is an autonomous department of the Ministry Of Health and Social Welfare created by Parliament act in 1993. The researcher opted to conduct the 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.

3.4 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 classifying 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 scale, 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 Measurement scales
Furthermore, Dillon et al (1994), explain various types of scales as used in marketing study which fall into two broad categories: comparative and non-comparative.

Comparative scaling is where one can compare one brand or product against another. It involves 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 a 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 et al. (2005) defines population as any set of people or events from which the sample is selected and to which the study results can be generalized. The population at MSD comprised of clearing section purposively because the section have direct contact to imported goods before they are sent to the customers.

A 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 reflect the population, you need to have a sample that is substantially representative of the population, (Babbie, 1989).

The researcher drew a sample of 20 respondents from clearing section at the MSD.

### 3.6.1 Systematic sampling procedures for documents

According to Babbie (1989), systematic sampling - drawing every number 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 10th shipping line invoices systematically from the 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 the Finance section for payment.

### 3.6.2 Purposive sampling procedures

Saunders et al (2009) defines purposive or judgmental sampling as the one which enables you to use your judgmental 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 this 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.

A purposive sampling procedure was applied to choose the clearing section and warehouse section because they have direct contact with the goods before they are sent to the customers.
3.6.3 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 at hand. That is, 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 him/her or chosen by finding him/her through technological means such as the internet or through phone. A 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 the study, the study used convenience sampling procedures to obtain facts from TRA officials whom the study came across during the whole data collection period.

3.7 Sources data

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

3.7.1 Primary data

Primary data were obtained though questionnaires, observation and interviews. These were the data collected by the researcher himself, and were used for the first time. This data provides raw form of information that can be tailored according to the needs of study.

3.7.2 Secondary data

Secondary data are the ones which are not collected or gathered by the researcher himself or herself. This type of data has previously been 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 the needs of the 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, (Saunders et al, 2009).

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

3.8.1 Interviews
In this data collection method, interview according to Boba (2005) is the tool the researcher uses to collect data by communication with respondents through personal meeting or vie telephone. Interview format depends upon information quality and quantity of data that the researcher requires for the study. The researcher should be clear about the 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 how busy the respondents seemed to be and that they were unable to respond with other methods.

3.8.2 Observation
This method according to Kothari (2008) is concerned with behavioral research. The behavior is recorded and observed systematically by the researcher. The 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 with other methods. Additionally, the researcher had a room to verify the truth of the statements provided by respondents through other methods.
3.8.3 Questionnaires

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 is distributed by mail or internet. By this method, the researcher is able to collect data from a wide geographical area. This method is cost effective and easy to manage but also it is time consuming. A questionnaire can be open-ended and close-ended. In open ended questionnaire, alternative responses not mentioned in other alternative responses are provided to respondents. This method requires only literate respondents so it creates barriers for this method to be applied to illiterate ones.

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

3.9 Validity and reliability

Better results come from data which are valid and depend 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.

3.9.1 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 diligently pursued to capture data from the right source using appropriate instruments to make them valid. The researcher used information of this study from the 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.
### 3.9.2 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, is 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 were consistent.

### 3.10 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 were designed to fulfill the requirements of the research questions. The researcher checked if the questionnaires were 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 ways and presented in percentages.
Data were managed, analyzed, presented and interpreted into percentages in a very careful way. The researcher used manual, calculator, tables 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 values to represent a specific response to specific question along with the column position the designed code symbol occupied on data record.

It is an analytical process in which data, in both quantitative form (such as questionnaires results) and qualitative (such as interview transcripts) are categorized to facilities analysis. Coding means the transformation of data into a form understandable by computer software. The classification of information is an important step in preparation of data for computer processing with statistical software. The use of coding minimizes the chance of errors and increases the reliability of data.
CHAPTER FOUR

PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

4.1 Introduction
This chapter is dedicated for presenting findings and analysis of data basing on the responses and discussion of data collected from the respondents through interview, questionnaires and observation by the researcher. The presentation of analysis is made in percentages.

4.2 Data analysis and interpretation
Analysis refers to putting the material by summarizing, précising it and putting it into categories. Interpretation is the process of drawing implications and significance from the materials and using them as the basis for recommendations or action. Fisher (2010) also defines interpretation as deciding how robust and helpful your research findings are and the extent you might rely on them when exercising your judgment. It involves much thinking to help you ‘find out’ the meaning of your research findings.

The study was conducted at Medical Stores Department headquarters and concentrated in clearing section where the researcher managed to interview 20 respondents. The findings obtained by the study were analyzed according to the requirements of the research questions and presented in percentages. The research questions were answered as shown in this part.

a) QUESTION ONE
What is practiced at MSD in preparation and clearance of drugs and medical supplies from Dar Es Salaam sea port?
This question was intended to identify the practice of preparation and clearance of imported drugs and medical supplies through Dar Es Salaam Sea Port to MSD. The following analysis presents the findings as asked from questions No. 4&5 of the questionnaire whose answers are presented in the tables 4.1 and 4.2 below
Table 4.1: Distribution of Respondents on the presence of Manual for Clearing Procedures in Tanzania

<table>
<thead>
<tr>
<th>S/N</th>
<th>Question</th>
<th>Answers</th>
<th>Response</th>
<th>Percentage %</th>
</tr>
</thead>
<tbody>
<tr>
<td>III</td>
<td>The government provides detailed procedures for customs clearing of goods from ports that should be followed by importers</td>
<td>Yes</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>No</td>
<td>20</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td></td>
<td>I don’t know</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>20</td>
<td>100</td>
</tr>
</tbody>
</table>

*Recorded from 20 respondents of clearing Section*

Source: Field Data, 2013

The findings in table 4.1 reveal that by 100% of the respondent said that, the government does not have specific document providing detailed procedures for customs clearing of goods from ports that should be followed by importers. Normally the standard operating procedures document provides in detail the requirements and required steps of clearing. Instead, the government uses the East African Community Trade Regulations for clearing procedures. The successful officers are those having long time experience in this field hence familiar to the procedures. Furthermore, the requirements of the question are presented in table 4.2 below.

Table 4.2: Distribution of Respondents on the Preparation and Clearance of Imported Drugs

<table>
<thead>
<tr>
<th>S/N</th>
<th>Question</th>
<th>Answers</th>
<th>Response</th>
<th>Percentage %</th>
</tr>
</thead>
<tbody>
<tr>
<td>V.</td>
<td>According to your experience with customs clearing at sea Port, what are the optimum preparations for clearance of imported goods?</td>
<td>Having received shipping documents or alternatively approved proforma invoice</td>
<td>17</td>
<td>85</td>
</tr>
<tr>
<td></td>
<td></td>
<td>After receipt of supplier advice note</td>
<td>17</td>
<td>85</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Presence of import permit and approvals from regulatory bodies</td>
<td>19</td>
<td>95</td>
</tr>
<tr>
<td>Average</td>
<td></td>
<td></td>
<td>18</td>
<td>88</td>
</tr>
</tbody>
</table>

*Recorded from 20 respondents who answered open-ended question No. V*

Source: Field data 2013
The study used open ended question of which respondents from the clearing section were required to provide answers according to their experience hence revealed that, there are different import requirement of items depending on their nature and impacts to the society or environment. The findings revealed that 85% of the respondents said that having received shipping documents or alternatively approved profoma invoice was a requirement, while 85% said that after receipt of supplier advice note. The 95% of the respondents said that the presence of import permit and approvals from regulatory bodies was a required amount. For example, narcotics need much more approvals and monitoring to avoid the drugs to be misused or stolen on way.

b) QUESTION TWO
What challenges are facing the MSD clearing section which renders it to be inefficient in the delivery of drugs and medical supplies from Sea port?
This question focused to identify the challenges encountered by MSD Clearing Section that renders it to be inefficient in the delivery of drugs and medical supplies using their experience while assessing the degree of their participation.

Table 4.3: Distribution of Respondents on the Examination of Accountability of Clearing Section

<table>
<thead>
<tr>
<th>S/N</th>
<th>Question</th>
<th>Answers</th>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>VII</td>
<td>Do you really commence clearing process immediately as expected for goods imported through sea port?</td>
<td>Yes</td>
<td>20</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td></td>
<td>No</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>I don’t know</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td>100</td>
</tr>
</tbody>
</table>

The findings were obtained from 20 respondents of Clearing Staffs
Source: Field Data, 2013

The findings on Table 4.3 the study reveal that 100% of the respondents said that, as soon as the clearing officers receive relevant documents then start clearing procedures through approvals from regulatory bodies. But in many instances they fail to start early if the documents required were not received soon. In this case the time starts to be prolonged through these reasons. Sometimes the documents are received while every staff has
ongoing tasks; hence it becomes difficult to assign more tasks to the staffs. Therefore, a new task has to wait until the first assignment is completed and the goods delivered to MSD.

Table 4.4: Distribution of Respondent in Various Reasons Causing Late Delivery of Cleared Goods

<table>
<thead>
<tr>
<th>S/N</th>
<th>Question</th>
<th>Answers</th>
<th>Respondents</th>
<th>Percentage %</th>
</tr>
</thead>
<tbody>
<tr>
<td>VII</td>
<td>From question VI above, If the answer is Yes, then what are the reasons you have encountered that lead to late deliverance of goods imported through sea port?</td>
<td>Unscheduled deliveries of Vertical Programs items that sometimes have political pressure hence intervening timetable</td>
<td>17</td>
<td>85</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Too many tasks compared to number of clearing staffs at MSD</td>
<td>18</td>
<td>90</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Lack of push money (facilitation fees)</td>
<td>19</td>
<td>95</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Late payment of service invoices from regulatory bodies</td>
<td>17</td>
<td>85</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Very few vehicles devoted to facilitate clearing activities</td>
<td>17</td>
<td>85</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Containers retained at ICDs to give pressure of release of previous containers with drugs delivered to MSD</td>
<td>14</td>
<td>70</td>
</tr>
<tr>
<td></td>
<td><strong>Average</strong></td>
<td></td>
<td><strong>8</strong></td>
<td><strong>85</strong></td>
</tr>
</tbody>
</table>

*Measured from 20 respondents provided reasons for delay of containers

Source: Field Data, 2013
Through Table 4.4, the causes of deliverance delay of goods from sea port are such as, unscheduled deliveries of vertical program consignments appeared by 85%; small number of Clearing Officers by 90%; lack of push money (corruption) appeared by 95%; late payment of invoices from regulatory boards appeared by 85% and few vehicles assigned to facilitate movement of documents the officers by 85%.

It was noted that MSD have been making many efforts to speed deliveries including proposing MSD to be permitted to be bonded warehouse, and through contracts that have less involvement of MSD in international logistics that are identified through application of INCOTERMs such a DDP.

c) QUESTION THREE

What are the causes of delivery delays of goods from sea port to MSD despite the presence of clearing procedures approved by TRA?

Through this question the study was set to identify the common causes of deliverance delay of goods specifically from sea port to MSD. The responses were analysed through Table 4.5 again the question number five from questionnaire had potentials to answering this research question.

Table 4.5: Assessing the Presence of Clearing Procedures Approved by TRA

<table>
<thead>
<tr>
<th>S/N</th>
<th>Question</th>
<th>Answers</th>
<th>Response</th>
<th>Percentage %</th>
</tr>
</thead>
<tbody>
<tr>
<td>V</td>
<td>The government provides detailed procedure manual for customs clearing of goods imported through sea port that should be followed by the imported</td>
<td>Yes</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>No</td>
<td>17</td>
<td>85</td>
</tr>
<tr>
<td></td>
<td></td>
<td>I don’t know</td>
<td>3</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td>20</td>
<td>100</td>
</tr>
</tbody>
</table>

The findings were obtained from 20 clearing Staffs respondents

Source: Field Data, 2013

Question three was aimed to reveal if there is any delay caused by clearing officers due to lack of integrity among them especially if the standard operating manual were in place to
guide clearing officers to beat the scheduled timetable for every activity. As from the responses in Table 4.5, the 85% of the respondents confirmed that the government of Tanzania has not provided any official operating manual as schedules of activities for clearing procedures in at TPA nor TRA. While 3% proved that, they don’t know exactly, whether the government provide those procedures or not, and none of them agreed that their provided with any formal procedure for port clearance. Through the finding from respondents on this question, the government should provide the formal procedure on clearance at the Port, and by doing so the clearing operations will highly be improved and timely attended.

QUESTION FOUR

*What impacts do MSD experience in operations from delayed customs clearing of goods from Sea Port?*

This question was deliberated to assess the impacts of delayed customs clearing of goods from Sea Port to MSD operations. The respondents were required to provide what they think is facing MSD as implications for delay of goods only from sea port. The percentage calculated was due to repetition of answers hence the study tried to assess the magnitude of the implication of delayed clearance of goods as in Table 4.6

<table>
<thead>
<tr>
<th>S/N</th>
<th>Question</th>
<th>Answers</th>
<th>Respondents</th>
<th>Percentage %</th>
</tr>
</thead>
<tbody>
<tr>
<td>IX</td>
<td>At what extent do you think MSD is affected by delay of deliveries from ports</td>
<td>Higher Demurrage Costs</td>
<td>15</td>
<td>75</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Lack of stock</td>
<td>20</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Loss of sale</td>
<td>18</td>
<td>90</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Customers Complaints</td>
<td>14</td>
<td>70</td>
</tr>
<tr>
<td></td>
<td></td>
<td>MSD Image deteriorates</td>
<td>16</td>
<td>80</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Average</strong></td>
<td><strong>17</strong></td>
<td><strong>85</strong></td>
</tr>
</tbody>
</table>

*Twenty respondents provided the Impact of frequency delay of cleared goods*

*Source: Field Data, 2013*
Table 4.6 above the responses is between 70% and 100% which means that the outcomes of delayed drugs from sea port have negative implication to MSD. Higher demurrage costs is shown by 75% which means, the containers are delayed for a long time accumulating demurrage charges, lack of stock appeared by 100% meaning that delay of goods at port contravenes the schedule of deliveries that are calculated from forecasted demand of various products imported through international procurement; this increases the risk of stock-out. Loss of sale is presented by 90% implying that, absence of stock will render loss of sale, hence MSD is financially affected. Also, the company credibility is deteriorated as appears for 80% from correspondents.

4.3 Discussion of the research findings
The interpretation of the results in relation to the research questions are discussed below.

4.3.1 Preparation and clearance of goods from sea port
It is important during the clearing of incoming goods to have import permits and necessary approvals from various regulatory bodies according to nature of goods, these include:-

- Tanzania Food and Drugs Authority (TFDA),
- Public Health and Laboratory Bodies (PHLB),
- Government Chemist (GC),
- Tanzania Bureau of Standards (TBS),
- and Surface and Marine Transportation Regulatory Authority (SUMATRA).

The clearing section receives prepared shipping documents in advance as soon as the consignment is dispatched from the country of origin (Table 4.2). The commercial documentation and shipping documents are prepared electronically from the clearing agent’s office and then submitted to the customs department. Alternatively, the agent uses Proforma invoice (PI) from procurement section and checks if it has adequate information required for commencement of clearing procedures such as date, number, country of origin, cost and freight quoted separately as key requirement for Tanzania, port of loading and port of destination, mode of payment, supplier details, generic product name in English.

Step in the use of Proforma Invoice (PI) for clearing process
a) Initially, the PI should be certified by the MSD pharmacist for sending it to the regulatory bodies such as (Tanzania Food and Drugs Authority) TFDA,
(Pharmaceuticals Health and Laboratory Board) PHLB, (Government Chemist) GC or (Tanzania Bureau of Standard) TBS for approval. Approved PIs from regulatory bodies are collected back accompanied with invoices from the bodies for inspection fee which are also approved by DL and DF. Service payment invoices are processed at DF while approved PI from regulatory bodies is recorded in PI book records book in cash and finance office.

b) Processing Customs Payment at MSD

c) The clearing officer requests for customs payment through Service Invoice where the approvals from the Director of Logistics and Director of finance are requested. The approved service invoice attached with the customs assessment form is lodged to customs office acknowledging payment of the services.

d) After payment, the clearing officer through computerized system of TRA performs selectivity process where the system indicates Red Colour for 100% verification, Red Scan for scanning and Green for direct release.

e) Processing at Shipping Line Offices

f) The clearing officer sends original shipping documents and customs delivery order attached with for assessment of shipping charges. An invoice is provided as per own tariffs. After careful examination the invoice is circulated to obtain the necessary approvals from DL and DF before presented to financial examiner for payment voucher and for a cheque. After effecting payment the shipping line releases the Delivery Order.

g) Processing at Port Offices

h) Both delivery orders are obtained from customs office and the shipping line are submitted to port offices where an invoice for port charges is raised. The clearing officer after careful examination of the details and costs then circulates the invoices for approvals from DL and DF; the payment route is the same as for other invoices above.

i) After payment the clearing officer arranges transportation of container or loose cargo from port to MSD after obtaining a combined Equipment Interchange Receipt and a gate pass.

4.3.2 Challenges experienced by clearing officers at MSD

Length of the time is prolonged due to bureaucratic import clearance procedures in Tanzania as one of the main challenges facing clearing section at MSD; the procedures
involve long processes where the offices such as customs, banks, regulatory authorities, ports, shipping lines, and ICDs which are located in different areas in Dar Es Salaam where individual office must be visited in different occasions. Again these separate routes are affected by traffic congestion of almost all roads in Dar Es Salaam.

Corruption is another major challenge affecting government institutions that import goods in Tanzania compared to private importers because private agents use push money (Facilitation Fee) to ease the red-tape hence fast track the process unlike the government parastatals agents such as MSD where such money is not provided and one cannot justify provision of such money.

Late payment of service invoices at MSD due to the fact that the government payment procedures are long involving some different justifications and approvals that must be adhered any time they are initiated. It takes 3-5 days to effect payment of each service invoice.

Small number of clearing staff at MSD is another major challenge. Currently, there are twenty staffs who can deal with all processes of clearing of all goods procured by MSD as well as those procured by donors and the MoHSW.

Only two vehicles are assigned with clearing activities. This is another challenge while there is need of more vehicles to facilitate running documents to Sea Port, ICDs, airport, regulatory bodies and back to MSD.

The online processing of customs clearance is another challenging area due to poor infrastructure to be accessed by all agents, poor network and sometimes the system is too slow or not available moreover, the agents need to have computer skills which are a challenge to other agents.

Spontaneous deliveries of goods from donors through vertical programs and goods procured through the MoHSW that render congestion of containers that need to be cleared from the port, the same situation happens at MSD causing lack of space in warehouses to accommodate all delivered containerized goods hence the time for returnable containers is prolonged with increasing demurrage costs.
The process of sending tax invoices to regulatory bodies is time consuming because the offices are allocated at different locations in such a way that it is impossible to succeed the processes within one day. This is also another challenge that leads to the extension of clearing period.

4.3.3 Reasons for delaying goods from sea port to MSD

The time is prolonged due to bureaucratic import clearance procedures in Tanzania where there are long procedures that are left to exist unnecessarily. For instance, representatives from key offices concerned in clearing procedures such as customs, regulatory authorities, ports, shipping lines are not found in proximity to the Port except TFDA and TBS only, thus necessitates individual offices to be visited in separate occasions. In this case the documents are not unified into single document that could be completed within few hours while accommodating all the requirements of the key authorities.

Lack of facilitation money (tips money) from clearing staffs at MSD as well as in other government institutions is a great challenge compared to private institutions, thus leading to such delays in clearing of goods. Private agents use push money (Facilitation Fee) to ease the red-tape hence speed up the process. Government parastatals agents including MSD are not provided with such money and one cannot justify provision or use of such money.

Late payment of service invoices at MSD due to the fact that the government payment procedures are long involving some different justifications and approvals (e.g. provide proforma invoice and approval) that must be adhered to at any time they are initiated. It takes 3-5 days to effect payment of each service invoice.

Small number of clearing staff at MSD is another major challenge. Currently there are eight staffs who can deal with all processes of clearing of all goods procured by MSD as well as those procured by donors and the MoHSW.

Only two vehicles are assigned with clearing activities while there is need of more vehicles to facilitate running documents to Sea Port, airport, regulatory bodies and back to MSD.
The online processing of customs clearance is another area of challenge due to poor infrastructure to be accessed by all agents, poor network and sometimes the system is too slow or not available. The agents need to have computer skills which are a challenge to other agents.

Spontaneous deliveries of goods from donors through vertical programs and goods procured through the MoHSW that render congestion of containers that need to be cleared from port. The same situation happens at MSD causing lack of space in warehouses to accommodate all delivered containerized goods hence the time for returnable containers is prolonged while increasing demurrage costs.

The process of sending tax invoices to regulatory bodies is time consuming because the offices are allocated at different locations in such a way that it is impossible to succeed the processes within one day. This also is another challenge that leads to extension of clearing period.

4.3.4 Delayed customs clearance and its impacts to MSD

The following were observed during the study as the impacts of delays in clearing of goods from sea port to MSD.

i. Higher operational costs due to accumulating demurrage costs.

ii. Lack of stock as the lead time for consignments will be prolonged just because of delays in clearance.

iii. Loss of sale as consignments will be at port for a long time while the same are required by customers, and after they miss the items from MSD may opt for other private stores.

iv. Customer’s complaint increases for lack of essential drugs and medical supplies.

v. MSD Image deteriorates.

Failures to deliver the goods at the right time have many implications to MSD itself and to the entire country. For MSD as mentioned in table 4.6 above; on other hand for the country, these delays lead to lack of important drugs and medical supplies in government hospitals that can further lead to many sufferings or deaths. All complaints and sufferings create negativity of the public to the company and it causes loss of sale to the company.
which is autonomous in using its funds to fulfill its operational costs, and by loss of sale it might be unable to meet its obligations for the country.
CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction
This chapter presents the summary of the study, conclusion and recommendations, the policy maker’s 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 of MSD. Through purposive sampling method of selecting respondents, the study aimed at identification of the procedures for clearance of goods at sea port, the challenges facing clearing agents at MSD and the way forward to improve the MSD operations.

5.2 Summary of the Findings
The findings of this study were based on the observations and interview made between by the researcher. As per analysis and discussion from chapter Four, some of the deficiencies were revealed on the side of MSD and to the government side that poses challenges leading to extension of clearing period and these are discussed in sections 5.3.1, 5.3.2 and 5.3.3 below.

5.2.1 Challenges Observed at the MSD Management
The small number of clearing staff at MSD compared to the tasks is the first challenge. Only twenty staffs 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 is a great challenge.

The second challenge is for two vehicles to be assigned with clearing activities. These are not enough to facilitate running documents to Sea Port, airport, regulatory bodies and back to MSD taking in account of all consignments that need to be processed daily by individual staff.

The third challenge observed is delayed payment for service invoices; some from regulatory bodies and other from ICDs or Shipping lines. MSD uses government payment
procedures involving long justification and approval chains, it takes 3 to 5 days to effect payment of each invoice.

5.2.2 Challenges Observed at the Government of Tanzania
Import clearance procedures in Tanzania are too long, complicated and not allowing timely delivery of goods to MSD. The key offices concerned in clearing procedures such as customs, regulatory authorities, ports, shipping lines are not found within proximity to the Port hence necessitates individual offices to be visited in separate occasions. In such a case the documents are not unified into single document that could be completed within few hours while accommodating all the requirements of the key authorities.

Poor infrastructure leads to poor computer network and sometimes the system is too slow or not available leading to prolonged time of clearance.

Unscheduled deliveries of goods from donors and goods procured through the MoHSW that render congestion of containers that need to be cleared from port. The same situation happens at MSD causing lack of space in warehouses to accommodate all delivered containerized goods.

Separate documents are used to carter for the approval requirements of the same consignment during clearing of goods and the respective offices are located apart from the sea port, and separate from one office to another, this also lengthens clearing time.

5.2.3 Strength Observed at MSD
Firstly, the clearing section is composed of professionals in procurement and logistics management hence all procedures done here are in accordance with the requirements of the profession.
Secondly, the company struggles to comply with regulatory requirements such as those from PPA 2004, PFA 2001, East African Community Import Regulations and all Logistics Regulations as it is or may be required from time to time.

Lastly, MSD is connected with internet throughout the day hence the use of computer information system in processing clearance of goods as reformed by TRA is a strength to MSD where all the time you can access internet and log in your documents.
5.3 Conclusion

Although customs clearing challenges can be generalized, still the causes of these challenges are likely to be specific to a particular port of entry. 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 donor funded consignments most of them having political pressures, corruption, small number of clearing officers at MSD and small number of vehicles for clearing staffs. Difficult on identification of source of supplies in collaboration with pre-positioning entities both in-house and external, and this lead to unexpected deliveries which always disturb clearance plans, missing of some documentation before consignment arrives for some products also lead to delays on clearance for waiting documentation with valid registration, Lack of discipline for some sea port staffs on medicals supplies which require quick inspection and release of consignment for health handling and temperature control, poor use of assessment outcomes on determining the needs by MSD management for improving the consignment clearance at the sea port. These causatives are the sources of increasing costs, increasing lead times, and hence reducing customers’ service level.

5.4 Recommendations

i. MSD should increase the number of clearing staff from twenty staffs to at least twenty five 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.

ii. The payment procedures of service invoices during clearing should be revised to reduce the time spent in effecting payment hence the speed for clearing of goods will be increased and approvals will be promptly obtained. Either the company should consider about using prepayment procedures by depositing amount of money in advance to the regulatory bodies so that the amount will continue to be deducted while the service will be provided without any delay.

iii. The government should allocate all key offices concerned in clearing process such as customs and regulatory authorities near ports; also it should consider to place them under one roof where their representatives will always be found hence reduce time spent from individual office to be visited in separate occasions.
iv. Government should improve infrastructure to reduce network problems hence increase computer communication for online processing of clearing documents.

v. 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.

vi. The government should unify the documents used in all necessary approvals of clearing the same consignment into single document as we have seen in Nigeria as an example of this experience, Tanzania should learn. The document may be structured in the ways that incorporate all necessary requirements from the regulatory bodies. This type of document will ease clearing process not only to MSD but also to other government parastatals.

vii. Expedite exemption: where exemptions are already given, immediately authorize shipment of consignments ensuring all the correct paperwork is in place and that the shipping instructions are appropriate.

viii. Liaise with programming team on assessment of the needs and have all documentation ready before consignment arrives, along with truck transport.

ix. Establish time and cost metrics for customs and sea port clearance process, by doing so the management will clearly identify bottlenecks and areas for future supply chain collaboration on capacity building with other stakeholders.

x. Find another port. While not always possible or practical, alternative ports in-country and trans-shipment through third countries may be effective and efficient options for shipping to countries that have poorly functioning ports. Take advantages of available research and discuss these issues with clearance agents and identify alternative routes for shipments. Documents your assumption and have back up plan.

xi. Use Delivery duty paid (DDP), if possible by signing a contract with suppliers with last post point delivery agreement, where this will stop all others headache making clearance by your own as organization.
5.5 Implications of the Study

5.5.1 Policy Implications
This research report 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

b) Every clearing staff is entitled to an 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.

c) Set policy on adherence on laws setting up by regulatory bodies

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

e) Set policies for monitoring and compliance units

f) 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 smoothened and the practices are absolutely the best.

5.5.2 Policy Implications
This research report has important implications to decision makers. Any decision to be done concerning procurement of goods and clearing are specified by respective regulations set out by the government which 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 Area for Further Study

The study noted some problems with the use of Enterprise Resource Planning system (ERP) at MSD since the system was firstly introduced in July 2012 just after the Annual Stocktaking 2011/2012. One of the problems is some delays in composing Transfer Order Shipment (TOS) using the system, leading to late distribution of goods to zonal stores. For this reason the researcher is excited to highlight for other researchers to find the causes of those problems whether they originate from incompetent users of the system or from poor design of the system itself. Therefore, the study suggests evaluation on the efficient use of information system in logistics management at MSD.
REFERENCES

Babbie, E. (1989); The Practice of social Research, Wadsworth Publishing company.

Boba, R. (2005); Crime analysis and crime mapping, USA: SAGE.

Branch, A. E (2005); Elements of shipping, 7th Ed, Britain: Stanley Thornes

Branch, A. E (2008); Shipping and Air Freight documentation for importers and Exporters and Associated terms, 2nd 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 6th Ed, Georgetown University, US,


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


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


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*, 2nd Ed, Himalaya Publishing House, Mumbai

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

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


Wilson, F (2008); *Carriage of goods by Sea*, 6th Ed, UK: Pitman publishing