International Journal of Social and Development Concerns

ISSN 2524-1478 (Online)

Vol. 12 | Social and development concerns in Africa (c)
Vol. 12 Article 9 | October 2020

(An International Publisher for Academic and Scientific Resources)

NON-STATE ACTORS AND TRADE FACILITATION IN THE EAST AFRICAN COMMUNITY REGIONAL INTEGRATION: CASE OF TRADEMARK EAST AFRICA

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Abstract: *The significance of non- state actors in international trade is not new, they play a major role in foreign policy making of nations and significantly influence their trade facilitation behavior. Trade facilitation aims at making International trade easier by eliminating administrative delays, simplifying trade procedures, increasing transparency, security and incorporating Technology in trade processes. However, the role and effect of non-state actors and particularly Trade Mark East Africa in trade facilitation is usually undocumented thus undermining their contribution and sometime hard to demarcate their contribution from that of state actors. Using descriptive analysis the study investigated the role non-state actors in and in trade facilitation in East Africa regional integration respectively while focusing on the case of Trade Mark East Africa. To understand the role of non-state actors well the study used regression analysis to determine the effect of each specific action by non-state actors on trade facilitation. The study also established the challenges facing non state actors in trade facilitation using content analysis. The study used Questionnaires to collect data from staff of Trade Mark East Africa and One Stop Border point sectors. Multisampling technique was used in selecting the respondents. Data collected was analyzed using Stata version 15 statistical packages to generate descriptive and inferential reports which were presented in the form of tabulations, percentages and inferential statistics. The study established a statistically significant positive relationship between infrastructure, custom governance, technology promotion and trade facilitation. Further the study found that insufficient training/ capacity building, financial challenge, Corruption and Poor infrastructure were main challenges that trademark as a non-state actor needed to address in order to effectively facilitate trade in east Africa community regional integration. The study concluded that Non-state actors play a major role in foreign policy making of nations and significantly influence their trade facilitation behavior and they should beef up capacity building in areas of interest. The study recommended that non state actors should work with member states to simplify complex trade processes in order to boost trade, with a clear focus on the operations of the electronic Single window systems. Funding and investment towards regional trade infrastructure and technology should be enhanced. Finally, on state actors should synergize their efforts with the government, all staff cadres at the one stop border points and other stakeholders for efficient delivery of their support initiatives.*

Key words: *Non-state actors, Regional integration, Trade facilitation, East African Community, Trade Mark East Africa*

1.1 Study background

United States International Trade Commission (2012) defines Trade facilitation as any policy, regulation, procedure and situation that a trader experience when moving goods from one point to another in the supply chain. These regulations include border customs procedures and the procedures along the transport chain known as transport cost. Improving effectiveness and efficiency in these two set of procedures reduces the unpredictability that is associated in the movement of goods and services. When the costs are reduced there will be expanded investment, trade and economic growth. According to World Trade Organization report (2015) focus on trade facilitation kicked off at the Singapore Ministerial Conference in December 1996 and were linked to World Trade Organization/General Agreement on Tariffs and Trade (GATT) treaties. Trade facilitation was also linked to activities such as the Agreements on Customs Valuation, Rules of Origin, Import Licensing, Sanitary and Technical Barriers to Trade. Globally, where products often cross borders many times as raw material and finished goods, trade facilitation reduces the overall trade costs and improves economic welfare, in particular for developing and emerging economies (Kafeero 2008). In 2013 World Trade Organization (WTO) members completed the negotiations of the Trade Facilitation Agreement (TFA), which come up with global rules that address specific procedural hurdles in order to facilitate trade procedures.

The Trade Facilitation Agreement (TFA) recognizes the significance of Non-State Actors in improving the speed and efficiency of border procedures. According to trade cost estimates from the World Bank International, Non-State Actors (NSAs) have potential impact on trade facilitation. Non- state actors could reduce worldwide trade costs by between 10% and 18%, varying across country groupings, but with the largest gains accruing to countries in the lower income grouping (World Bank, 2016). They reduce the trade costs by mainstreaming trade facilitation needs into the national development agenda for sustainability and for achieving high impact-especially in landlocked countries. A study done by Trefler (2004) found that NSAs reduced United States tariffs by 33 percent in 2003 which further strengthened aggregate productivity of Canadian manufacturing sectors.

Non-state actors have been used to enhance a European- Sanctioned agenda of trade facilitation (Groenewald, 2014). This is evident in the stated vision of developing common position in the international organizations. Non-state actors help in establishing informal institutions with special commitment to customs and trade facilitation. In Chile, Herreros (2010) indicated that non-state actors had been the most active in trade facilitation negotiations since 1990. The study observed that labor organizations, civil society organizations and academic institutions had participated in the trade facilitation process since late 1990s.

NSAs in Jordan are always in the forefront in implementing trade facilitation negotiations. Khouri (2010) found that there were new NSAs in Jordan who were more active since 1990s while the old NSAs were more powerful behind the scenes. In South Africa, Groenewald (2014) highlighted how NSAs are of utmost significance in stimulating integration successfully. The study revealed that by empowering NSAs the general imports and exports of South Africa will increase. As a result, South Africa has embarked on new development program on the reduction of trade costs and NSAs are playing a significant role in these programs (Groenewald, 2014). Furthermore, NSAs not only handle border issues, but also handle issues that are beyond borders such as: quality of infrastructure, domestic regulations and business environment. Non-state actors in Africa are working to have an integrated e-economy with access to efficient and affordable ICT services by

enhancing broadband penetration by 10 %. This will fast-track the full establishment of the Continental Free Trade Area (CFTA), a programme to double intra-Africa trade by 2022.

Non-State actors in Kenya and East Africa work under their umbrella body referred to as private sector. In the Treaty for the Establishment of the East African Community non-state actors are regarded as important in the integration process. In the Treaty, the partner states commit themselves to adopt programs that would strengthen and promote participation of the private sector in formulation and implementation of the integration policies (Groenewald, 2014). Private sector can broadly be defined to include all actors involved in commercial productive activities in the Kenyan economy, as well as on-farm and off-farm activities (Jaime &Tsikata, 2014). It has been argued that the state is increasingly sharing its determination of international relations with non-state actors of this category, whether willingly or unwillingly.

The East African Community (EAC) appreciates the need to engage NSAs in national development dialogue in order to enhance trade facilitation. According to Jaime &Tsikata (2014) these non-States actors are very critical in enhancing trade facilitation agenda in any country or regional bloc. Since the1990s, it has been recognized that development efforts are no longer the preserve of central governments, but also include NSAs like civil society organizations, non-governmental organizations (NGOs), and faith-based organizations (FBOs). These groups are now recognized as principal actors in development efforts with their own identities and agenda. Non state actors have contributed in the 4th EAC Development Strategy (2012/2016) by promoting cross-border trade and advocacy for the extended jurisdiction of East African Court of Justice (EACJ) to handle cases on business. These efforts have contributed hugely towards improved cross-border trade, increased intra-regional trade, harmonization of standards and increased transparency of informal cross-border traders. While their contribution to service delivery is well known, the context in which such actors operate in terms trade facilitation is not well explored.

Contributions of non-state actors (NSAs) in development efforts have been widely acknowledged by countries and development partners. Some of the key NSA facilitating trade in EAC region include; TMEA, East African Chamber of Commerce (EACC), Confederation Of Micro And Small Enterprise Organizations Of East Africa (CMSEO-EA) and Eastern Africa Farmers Federation (EAFF). Confederation of Micro and Small Enterprise Organizations of East Africa (CMSEO-EA) was established in 1994 as the apex regional body representing the informal economic sector in the EAC region. It is a regional umbrella body representing the interests of the informal sector majority of who are in the Micro and Small Enterprises working through CMSEO-EA Chapters that collaborate with National Business Member Organizations (BMOs). On the other hand Eastern Africa Farmers Federation (EAFF) is a non-political, non-profit and a democratic key organization of all Farmers of Eastern Africa. Its role is to raise legitimate issues and EAC farmers' interests with the aim of enhancing regional integration and social-economic status of the farmers.

One of the NSAs in EAC with the most significant and direct link with trade facilitation is TMEA established in 2010. Based on TMEA annual report (2018/19), by the year 2019 TMEA had become one of the leading aid for trade instruments in the world with a cumulative budget of more than US$ 900 million and programmes across 8 Eastern African countries, making it the single most important NSA in trade facilitation in EAC region. TMEA is the only NSA in EAC region which act as a consultative mechanism to promote trade facilitation, examine international trade and transport regulations and make policy recommendations on major trade and transport issues. Her objective is to promote the modernization of trade and transport practices to support foreign trade in line to UNCTAD roles given to National trade and transport facilitation committees (UNECE, 2012).

Trade Mark East Africa (TMEA) ensures that gains from trade results to tangible gains for East Africans. The organization is funded by development agencies who believe that enhancement in trade can reduce poverty, increase prosperity and contribute to economic growth (TMEA, 2017). Trade Mark East Africa works with East African Community (EAC), private sectors, national governments and civil society organizations to boost trade by increasing physical access to markets, enhancing the trade environment and boosting business competitiveness. Since 2010 TMEA has been working with EAC Partner states in generating momentum and capacity for implementing regional laws thus catalyzing the movement from decisions to actions within the region. This has led to implementation of World Trade Organization's Trade Facilitation Agreement (WHO TFA) which was signed in 2013 for the purposes of simplifying, standardizing and harmonizing trade procedures (TMEA, 2017).

1.2 Statement of the Problem

The potential of regional markets in EAC are underutilized with intra-regional trade less than 10 percent against the average projected growth in trade of 13.5 to 21 percent (East Africa Community Trade Policy Review Report, 2019). Large scale cross border investment by Non-State Actors (NSAs) in facilitating trade in regional integration is certainly recognized (World Trade Organization Report, 2015). Involvement of NSAs in improving trade facilitation has taken Centre stage in the EAC's regional economic integration agenda (Ngware, 2008). Despite the significant improvements in the time taken during clearance of goods at the port and the procedures of handling of cargo from ports and terminal depots, the transportation cost of goods along the EAC's main corridors is still very high (TMEA, 2016). The presence of numerous uncoordinated government agencies in the transport chain forms a fertile breeding ground for integrity issues due to redundancy of processes (USAID, 2012). This has led to traders in East Africa to face numerous challenges in doing business with sister countries.

These challenges hinder positive impact of trade facilitation to be fully realized. According EAC trade and investment report (2018) intra-EAC trade did not grow as anticipated despite existence of a conducive environment because other factors that heavily impact on Trade Facilitation were not addressed. High costs of doing business, deteriorating and low capacity infrastructure leads to transport delays that raise the overall cost of trade and hinder economic activity. To address these challenges affecting trade, state actors, several non-state actors have become key players in facilitation of trade in the region, but according to existing empirical works, their effect is not clearly established. According to Africa Agenda (2063), Africa should have free movement of goods, people, capital, and services in order to boost global trade and investment amongst African countries by 2063. Necessary infrastructure should be established to enable Africa accelerate integration, growth, trade and development. World-class infrastructure in Africa, accompanied by other trade facilitation actions will see intra-African trade growing from less than 12 percent in 2013 to approaching 50 percent by 2045 (African Union Commission, 2013).

To achieve this, other than state actors, non-state actors (NSAs) will play a very critical role in establishing and maintaining an institutional framework for the implementation and administration of the Continental Free Trade Area. Non state actors shall also take appropriate measures including arrangements regarding trade facilitation in accordance with the provisions of Africa agenda 2063 (African Continental Free Trade Area, 2018). However, the involvement of non-state actors in trade facilitation is usually undocumented, duplicitous and largely unstructured, thus undermining their contribution and sometime hard to demarcate their contribution from that of state actors. Unfortunately few studies such as Groenewald (2014), Ndonga (2013) and US

International Trade Commission (2012) have been carried out on the contribution of non-state actors. This study aimed at filling this knowledge gap by carrying a study out the effect of non-state actors on trade facilitation in East Africa.

1.3 General Objective of the Study

The general objective of the study was to investigate the role of non-state actors on trade facilitation in East Africa using the case of Trade Mark East Africa. To understand the role of non-state actors the study analyzed the effect of specific actions by TMEA on trade facilitation in EAC regional integration.

1.4 Literature Review

Theoretical Review

Simple Iceberg Theory

The Iceberg Theory developed by Samuelson (1954) is very useful in analyzing trade facilitation. According to this theory inefficient trade procedures increase the cost of trade and increase the gap between the price paid by the consumer and price received by the producer. In the iceberg theory, trade costs are proportional to the amount and value of goods transacted and the main result continues to hold even in cases where trade costs are additive. According to this theory, trade facilitation is enhanced by reducing the trade costs of the involved goods. However iceberg theory does not explain the actors that will help in reducing this trade costs. The iceberg theory is relevant to the current study by the fact that actions by non-state actors like TMEA reduce trade costs which is a component in facilitating trade. Jackson (2004) argued that trade costs can be reduced by engaging non-state actors to reduce delays of goods at the terminals, improve infrastructure and eliminate corruption.

Ricardian Theory

Ricardian theory argues that countries have different relative labour productivities. This implies that when countries do not trade at all with one another, the relative price of one good expressed in terms of the other good differs between the countries. According to Ricardian theory, in hypothetical world where there are no trade costs, the difference in relative prices opens opportunities for international trade (David, 1995). Each country will specialize completely in production of goods in which it has competitive advantage and the cost of production is low. The theory assumes that absence of trade facilitation will lead to complicated trade procedures that will increase the trade costs faced by the countries. However, this theory does not justify its assumption that in hypothetical world there are no trade costs. Despite its limitation, this theory was of relevance to the current study as it shows that trade facilitation can be achieved by reducing trade costs which is the main objective of TMEA and other non-state actors.

The Heckscher-Ohlin theory

Heckscher-Ohlin model assumes the same productivity in both countries. There are two factors of production, capital and labour, and endowments of these factors of production vary across countries, making one country labour-abundant and the other country capital-abundant. Heckscher-Ohlin model shows how trade facilitation increases real income for the abundant factor of production. By minimizing trade costs, specialization is enhanced in the sector that uses the abundant factor more intensively. This increases the demand for the abundant factor and increases the real return to the factor. If one of the countries involved is a labour-abundant developing country, trade facilitation can make workers better off. This theory was of relevance to the current

study since trade facilitation can be enhanced by reducing trade cost which can only be achieved by involving both state actors and non-state actors. For example, as shown in the example of bilateral agreement between Canada and USA, both state-actors and non-state actors played the most important role in the formation and execution of Action Plan of Smart Borders.

Intra-Industry trade Theory

Intra-industry theory explains why countries at the same time import and export the products of the same industry. The theory argues that trade costs have a negative impact on small developing nations. According to this theory consumers will prefer to purchase lower- cost domestic goods than higher cost imported goods. Complicated trade procedures that increases trade costs make purchases (imports) of foreign varieties more costly. If trade facilitation reduces variable and fixed trade costs, then there should be trade expansion in both margins. This shows that trade facilitation is very important to viability of global value chains by allowing more specialization in those production stages in which countries have a comparative advantage. Reduction in trade costs that are made possible by trade facilitation agreement also becomes amplified in the opposite direction. This theory is useful to the current study as it explains the significance of trade facilitation in eliminating complicated trade procedures.

Empirical Literature Review

United Nations Conference on Trade and Development report (2017) highlighted increased importance of trade facilitation mainly in developing and least developed countries. The study used descriptive analysis based on information of 59 countries in Europe. The study established that the average membership of National Trade Facilitation Committees is 17 members, where 11 participants represent the public sector and six represents the NSAs (private sector). The study indicated that capacity building, involvement of the NSAs, information on trade facilitation and clear responsibility of members as well as strong leadership leads to trade facilitation. However, the study did not explain the interventions that NSAs should major on in order to facilitate trade. To improve on this study the current study documented the effect of each specific action by non-state actors particularly TMEA on trade facilitation.

Lacey (2016) investigated the role of technology in the implementation of Trade Facilitation Agreement in Asia using descriptive research design. The study revealed that ICT plays a significant role in helping WTO Members implement their commitments under the WTO Trade Facilitation Agreement (TFA). According to Lacey (2016), the contribution of NSAs in promoting technology cannot be assumed. The study was of great help to the current study because it shows the contribution of ICT promotion in trade facilitation. However, the study was done in Asia hence the results cannot be generalized to all countries. To add in to Lacey (2016) the current study investigated how NSAs such as TMEA can achieve trade facilitation in EAC region through ICT promotion.

Groenewald (2014) analyzed the effectiveness of trade facilitation in South Africa. By use of ordinary least square regression technique the study first analyzed the barriers to trade facilitation. The study revealed custom governance that accommodates corruption as the major hindrance to trade facilitation. The study further revealed that, Customs officers contributed to corruption by receiving bribes. The report concluded that good Custom governance can be achieved by involving both state and non-state actors. However, the study did not show the magnitude of the effect of

good Custom governance on trade facilitation. Again, the study was done in South Africa hence the results cannot be generalized for all other countries.

Moïsé and Sorescu (2013) using secondary data from WTO indicated that Trade gains in terms of export gains from TFA in India and other countries was not equitably distributed across countries. Most of the provisions of TFA are import-facilitating provisions focusing on custom efficiency rather than export promotion focusing on boosting trade competitiveness. The study recommended capacity building of traders so as to be able to withstand the negative impact of trade facilitation such as rising of imports versus exports. However, the study did not demarcate between state and non-state actors, but nevertheless it gives an insight on trade facilitation which is in line with the objective of this study. Moïsé and Sorescu (2013) was of value addition to the current study as it shows the link between capacity building and trade facilitation which is one of the interventions by TMEA.

Khaguli (2013) evaluated the factors affecting trade facilitation in East Africa and their impact on Tanzania, Kenya, Rwanda and Burundi Border Posts using a regression analysis. The study emphasized on infrastructure as an enabler to trade facilitation. The findings of Khaguli (2013) revealed that poor infrastructure increases the transport costs by an average of 30%. However, Khaguli (2013) did not show how these factors affecting trade can be enhanced. The current study showed how good infrastructure and custom governance can be achieved by involving non state actors.

Moïsé, Orliac and Minor (2011) using econometric models revealed that enhancing trade facilitation has a positive impact on trade flows. The study also found that the most significant trade facilitation measures are information availability, simplification of documentation, automated processes (ICT) and good custom governance. This result confirms that trade facilitation is a function of several factors which end up reducing trade costs. However, Moïsé, Orliac and Minor (2011) did not explain how trade facilitation measures can be achieved. To add in to Moïsé, Orliac and Minor (2011) the current study investigated the contribution of NSAs in trade facilitation through various actions.

Kafeero (2008) cited that the problem of customs governance remains an issue of international concern that strongly affects East African Community. Using descriptive design the study found that occurrences of routine, fraudulent and criminal corruption do not just impede customs efficiency but can further result in social and economic upheavals that will both hinder development and threaten international security. Further, the study proposed introduction of single window system accompanied with other integrity measures in order to thoroughly eliminate corruption in customs. However, the study did explore the contribution of different actors such NSAs in promoting customs governance.

Wilson and Perez (2008) estimated the impact of infrastructure on trade facilitation in Africa using a gravity model methodology. Their results indicate large potential increases in trade from trade facilitation reforms in countries that have good infrastructure. The study found that infrastructural development was critical in reducing trade costs and time taken to move goods from one terminal to another. However, the study was limited by the fact that it did not consider other interventions that can improve trade facilitation like custom governance and technology intervention. The current study filled this gap by investigating other actions by non-state actors.

In Latin America, NSAs facilitated trade negotiations between European Union and Latin America (Hoffmann and Kfuri, 2007). Using descriptive research design the study found that NSAs addresses important aspects of trade facilitation such as capacity building on removal of non-tariff barriers. Non-tariff barriers are increasingly acting as blockages to international trade and

economic growth and development. However, the study ignored the other interventions by non-state actors. The current study improved on Hoffmann and Kfuri, (2007) by incorporating infrastructural development and customs governance.

Yang, Yongzheng and Gupta (2007) analyzed the relation between time for exports and imports, logistics services and international trade using descriptive analysis. The study found that time delays result in lower trade volumes and reduce the probability for time sensitive products. The study found that poor infrastructure leads to time delays which further increases both direct and indirect trade cost. However, the study did not explain how good infrastructure can be achieved. The current study has filled this gap by exploring the role of NSAs through infrastructural development.
Trefler (2004) examined the role of NSAs through technology promotion in trade facilitation in Canada-US by using Logit model. The study found that ICT systems had contributed a lot in reducing the time for clearance and release. In order to simplify goods clearance and reduce trade costs Canada has adopted several ICT systems (Trefler, 2004). According to this study trade facilitation will be a dream without appreciating the role of technology. However, the study ignored other actions by non-state actors that were investigated by the current study.

1.5 research methodology

Research Design

An explanatory study design was used to establish the relationship between trade facilitation and the independent variables (Infrastructural development, Custom governance, Technology promotion and Capacity building on NTBs removal). Explanatory study design was preferred because it focuses on explaining the aspects of a study in a detailed manner (Wayne, Williams & Gregory, 2016). Explanatory study design also provides information concerning the degree of relationships between the variables being studied. The purpose of explanatory research design is to increase the understanding of a researcher on a certain subject which was the main aim of this study (Grey, 2014).

Sample and Sampling Technique

The study targeted employees of Trade Mark East Africa and Busia OSBP. Busia OSBP was chosen because it is the largest border that connects Kenya to many EAC countries. It is one of the busiest in East Africa, with an average of 894 vehicles crossing per day (TMEA, 2018). This researcher adopted the Multi stage sampling method in selecting the sample. First purposive sampling technique was used to select the institutions that were included in the study, particularly TMEA and OSBPs. Purposive sampling was preferred for this study because it selects typical and useful cases only. In selecting the sample, the employee will be stratified in to two categories TMEA and OSBP, further to three different levels of employment (top, middle and low level of management). In each stratum, the respondents were chosen using simple random sampling in their place of work.

Empirical model

To understand the role of non-state actors in trade facilitation the study used probit regression so as to determine the effect of each specific action by TMEA on trade facilitation. Probit model was used to determine the quantitative association between the variables. In the Probit model trade facilitation takes two possible outcomes denoted as 1: if the explanatory variables facilitate trade

and 0: if they don't lead to trade facilitation. Regression analysis was useful in sorting which specific action by TMEA may have an impact. It helped in establishing which actions matter most and which actions can ignore. The regression analysis also showed the magnitude and direction of TMEA's actions which were useful in forecasting and coming up with policy recommendations. Based on the theoretical literature and the conceptual framework, trade facilitation (TF) is a function of Infrastructural development, Custom governance, Technology promotion and Capacity building on NTBs removal as shown in function 3.1.

$TF = f(INF, CGP, TP, CB)$…….3.1

Where:
TC is Trade facilitation
INF is Infrastructural development by TMEA,
CGP is Custom governance promotion by TMEA,
TP is Technology promotion by TMEA and
CB is Capacity building by TMEA

1.6 Findings

Response rate

The study collected data from TMEA, Nairobi station and OSBP Busia. A total of 78 questionnaires were administered to the respondents out of which 59 were returned. This yielded a response rate of 75.64%.

Regression analysis

In order to achieve the objective the study estimated a probit regression model so as to determine the effect of each specific action by TMEA on trade facilitation. Regression analysis was useful in sorting which specific action by TMEA may have an impact and which actions can be ignored. This was done by first running a probit regression and then content analysis. The dependent variable was either facilitating trade or not. Trade facilitation was used as the reference category. The probit regression was carried out in two steps. First the study determined of the log odds of the independent variables. The results are presented in table 1.

Table 1 Regression analysis

Probit TF1 INF CGP TP CB
Iteration 0: log likelihood = -35.164729
Iteration 1: log likelihood = -27.968885
Iteration 2: log likelihood = -27.534852
Iteration 3: log likelihood = -27.527255
Iteration 4: log likelihood = -27.527255

Probit regression Number of obs = 59

LR chi2(4) = 15.27
Prob> chi2 = 0.0042
Log likelihood = -27.527255 Pseudo R2 = 0.7172

TF1	Coef. Std.	Err.	Z	P>z
INF	1.614	0.5312	3.04	0.002
CGP	0.005	0.0024	2.02	0.009
TP	0.015	0.0072	2.07	0.031
CB	0.065	0.1517	0.43	0.664
Cons	-5.925	2.343	-2.53	0.011

Source: author (2020)

Table 1 shows the results for Probit Regression with log odds estimates. The results show the Parameters which were obtained by maximization of the log likelihood function. 4 iterations were necessary to find the maximum of the log likelihood function (-27.527255). However, these coefficients do not quantify the influence of the independent variables on the probability that the dependent variable takes on the value one (trade facilitation). From table 1 the pseudo R^2 value was 0.7172 which implied that 71.72 percent of all changes in the dependent variable were explained in the model. The Prob> chi2 was 0.0042 which is less than 0.05 meaning that the overall model was significant. However, since the logistic regression model maximum likelihood estimates are arrived at by the iteration method then the OLS method of goodness of fit and the R^2 interpretations do not hold. In addition, the odds ratio in the probit model cannot be interpreted. The study further generated the marginal effect for the independent variables. The marginal effects of the independent variable are the effect of a unit change of the variable on the probability P(Y=1/X=x) given that all other independent variables are constant. The results for marginal effect are presented on Table 2.

Table 2 Marginal effects after logit
Marginal effects after probit

Variable	dy/dx	Std. Err.	Z	P>z	**
INF**	0.5086	0.1402	3.63	0.000	
CGP**	0.1501	0.0069	2.163	0.042	
TP**	0.0480	0.0655	2.152	0.031	
CB	0.0207	0.0467	0.44	0.657	

means significant at 5 percent
Source: author (2020)

Table 2 shows that the marginal effects associated with infrastructure, custom governance

promotion, technology promotion by TMEA have p-values less than 0.05. Therefore, the marginal effects are significantly different from zero at five per cent level of significance. Thus, the null hypothesis that infrastructure development, custom governance promotion and technology promotion by TMEA do not facilitate trade is rejected at five per cent level of significance. However, capacity building was insignificant at 5 percent level (P-value =0.657).

Table 2 shows that infrastructural development by TMEA is one of the factors that determine the level of trade facilitation. The coefficient for infrastructure development is 0.5086 meaning that improvement of infrastructure by one percent would increases the predicted probability of facilitating trade by 50.86 percent if other factors are maintained constant. In other words infrastructure development will improve Port operations, reduce trade complexity and enhance trade transaction process by 50.86 percent. These findings were similar to Yang, Yongzheng and Gupta (2007) which analyzed the effectiveness of infrastructure on trade facilitation in United States of America using probit model. Yang, Yongzheng and Gupta (2007) found that poor infrastructure increases the trade cost which further lowers trade facilitation. Further Wilson and Perez (2008) using gravity model methodology observed that infrastructural development was critical in facilitating trade by reducing trade costs and time taken to move goods from one terminal to another. The results also support Khaguli (2013) who found that one of the factors that affect trade between different countries is infrastructure.

Table 2 further shows that custom governance improvement by TMEA is another factor that determines the level of trade facilitation. The coefficient for custom governance promotion is 0.1501 meaning that improvement of custom governance by one unit would increases the predicted probability of facilitating trade by 15.01 percent holding other factors constant. In other words improvements in custom governance will improve Port operations, reduce trade complexity and enhance trade transaction process by 15.01 percent. The findings were in line with Kafeero (2008) which pointed that the problem of Customs governance remains an issue of international concern that's strongly affects East African Community. According to Transparency International and Trade Mark East Africa (2012) good custom governance reduces corruption which is the main hindrance of trade facilitation. Further the study supports Groenewald (2014) which revealed that custom governance that accommodates corruption as the major hindrance to trade facilitation.

Table 2 further reveals that technology promotion by TMEA has enhanced trade facilitation. The coefficient for technology promotion is 0.048 meaning that any extra investment in technology by TMEA would increases the predicted probability of facilitating trade by 4.8 percent holding other factors. In other wards technology promotion will improve Port operations, reduce trade complexity and enhance trade transaction process by 4.8 percent. The results support Trefler (2004) which estimated the role of ICT in trade facilitation in Canada-US by using Logit model. Trefler (2004) found that ICT systems had contributed a lot in reducing the time for clearance and release. Further according to Jackson (2004) ICT systems are expected to reduce delay time at ports and improve the ease of doing business.

Finally table 2 reveals that capacity building by TMEA was not significant at 5 percent level. This was brought by the fact that many respondent in one stop border post Busia felt that TMEA had not invested enough in capacity building and training. The respondents argued that TMEA should put more resources in capacity building and training since it could lead to trade facilitation. However, the findings on capacity building contradicted Ngware (2008) which found that capacity building was a key enabler of trade. Actually Ngware (2008) recommended that each country should put more resources on capacity building so as to enhance trade. Despite the coefficient

being insignificant it is worth noting that TMEA's interventions did not stop at construction and operationalization of the OSBP's but stretched to training of border officials on increasing efficiency and training of border communities including traders and transporters on key trade policies. Proper capacity building will ensure good coordination of all government agencies at the border post

Challenges faced by non-state actors

The study further established the challenges faced by non-state actors. In order to achieve this content analysis was employed. Much information on challenges was achieved from the key informants. This was done using open ended questions which were included after every key section of the questionnaire so as to give the respondents an opportunity to state any challenge they faced and give a suggestion of any area of improvement. Among other challenges which were stated by the respondents, the most common stated challenges by the respondents were as summarized in table 3

Table 3 Challenges faced by non-state actors

Challenge	Frequency(n)	Percentage(n/59*100)
Insufficient training/ capacity building	26	44.07
Financial challenge	18	30.5
Corruption	22	37.28
Poor infrastructure	25	42.37

Source: author (2020)

Table 3 presents the main challenges which were revealed by the study. From the findings the most challenge faced by non-state actors and also the partners was insufficient training/ capacity building. A total of 26 respondents agreed that lack of adequate trainings has lead to poor working relationship between non-state actors and other stakeholders like OSBP Busia. The represents 44.07 percent of the total respondents interviewed. Due to lack of sufficient capacity building many employees and partners did not understand the need eliminate Non-tariff barriers. Due to this information asymmetry elimination of Non-tariff barriers is a challenge to non-state actors. Non-state actors also face financial challenge. Table 3 reveals that 30.5 percent of the total respondents agreed that non-state actors were operating with limited resources. Lack of enough funds prevents the non-state actors from implementing crucial projects which can be of great impact in trade facilitation. This has led to poor infrastructure which increases the cost and time of doing business.

Another challenge that can be observed from table 3 is corruption. 22 respondents among them 2 traders at the OSBP said that corruption was the most hindrance to trade. Even though they agreed that non state actors had done much in facilitating trade, they cited poor Custom governance has led to illegal trade flows. According to them preventing corruption in the Customs system and foreign trade can enhance trade across borders.

Twenty five respondents among them truck drivers and one line manager in TMEA cited poor infrastructure as the main challenge faced by non-state actors when facilitating trade. This amounted to 42.37 percent of the total respondents. According to them, efficient infrastructure is important factor for trade facilitation and business performance. Shorter transport times as a results of good roads cuts costs and thus increases profits. Improving infrastructure is crucial for increasing trade. The line manager in TMEA argued the infrastructure more so roads were not as

per their expectations.

1.7 Conclusion and recommendations

The role of Non-State Actors (NSAs) in facilitating trade is very important. Involvement of NSAs in improving trade facilitation has taken centre stage in the EAC's regional economic integration agenda. The study established that Non-state actors play a major role in foreign policy making of nations and significantly influence their trade facilitation behavior. To understand the role of non-state actors the study determined how specific actions by TMEA affect trade facilitation in EAC region. These actions included custom governance promotion, technology promotion, capacity building and infrastructural development. The study found that TMEA has been working with EAC Partner states in generating momentum and capacity for implementing regional laws thus catalyzing the movement from decisions to actions within the region.

TMEA has supported in the implementation of the automated customs management system in one stop border post specific Busia where the study was done. It has given Support to the EAC regional standards harmonization programme targeting interventions to assist small and micro enterprise including informal women cross border traders. TMEA has also promoted public- private sector dialogue in driving trade facilitation reforms. TMEA in partnership with EAC has laid foundations for facilitating trade by removing the bureaucratic barriers to economic integration and unlocking wealth potential that regional integration holds.

Since from the regression results it was established that infrastructural development is the most significant, TMEA and other non-state actors should invest highly on infrastructure followed by technology promotion. The study also recommends non-state actors such as TMEA to invest in capacity building. This is motivated by the fact that many respondent from OSBP Busia felt that TMEA had not supported them in capacity building and training. Investment in capacity building will enhance trade by 2.07 percent as shown in the marginal effect analysis presented in chapter four.

Using the qualitative analysis the study recommends the following:

i) **There should be continuous monitoring and improvement of OSBP facilities**. TMEA contribution to the OSBP project is mainly based on the principles of improving the physical infrastructure and refining integrated border management to create models operating to international best practice. On the same TMEA should support the government in the quest to expand Busia-Kisumu road. Exit and entry gates offices should be increased for easy clearance to avoid congestion.

ii) **TMEA should further simplify complex trade processes to ease trade.** Despite some achievement in simplifying trade processes there is room for improvement. Simplification of trade procedures involves the elimination of steps, redundancies, and duplication of requirements, by looking at the current procedure against the laws that govern it. Additionally, simplification critically analyses the administrative cost incurred by businesses while applying for certificates, licenses and permits for export and import.

iii) **TMEA should invest more capacity building for staffs at the OSBPs.** It is worth noting that TMEA's interventions did not stop at construction and operationalization of the OSBP's but stretched to training of border officials on increasing efficiency and training of border communities including traders and transporters on key trade policies. Many respondents argued that there was need for training programs at the OSBPs.

TMEA can achieve this by partnering with other stakeholders and private sector organisations who play a key role in providing information, monitoring policymaking and programming for regional integration.

iv) **TMEA should incorporate all stakeholders in decision making and implementation.** It should hold stakeholders meetings on the ground /operational level, as opposed to top management only. This will enable staff and officials of partner institutions to raise questions and seek clarification on any aspects. This will also ensure coordination of all government agencies at the border posts.

v) **TMEA should invest more in ICT and train more personnel to ensure complete ICT connection.** TMEA can achieve this by supporting government agencies to implement Single Window Information for Trade Systems, which are building blocks to effective and efficient links to National Single Windows. They should also install online information portals to improve access to critical information on import and export.

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