

*DETERMINANTS OF EXPANISION CONTRABAND TRADE IN
ETHIOPIA: ACASE STUDY ON ERCA LOCATED IN JIMMA
BRANCH*

*A Thesis Submitted to the School of Graduate Studies of Jimma University in Partial
Fulfillment of the Requirements for the Award of the Degree of Master of
Accounting and Finance*

BY: KASSAW DESSIE

Under the Supervision of:

DER SSE MER SH (Ph.D.)

AND

MOHAMMED GETAHUN (Mr.)



**MSC in Accounting and finance Program, Department of Accounting, College of
Business and Economics,**

JIMMA UNIVERSITY

SEPTEMBER, 2018

JIMMA, ETHIOPIA

***DETERMINANTS OF EXPANISION CONTRABAND TRADE IN
ETHIOPIA: ACASE STUDY ON ERCA LOCATED IN JIMMA
BRANCH***

***A Thesis Submitted to the School of Graduate Studies of Jimma University in Partial
Fulfillment of the Requirements for the Award of the Degree of Master of
Accounting and Finance***

BY: KASSAW DESSIE

Under the Supervision of:

DER SSE MER SH (Ph.D.)

AND

MOHAMMED GETAHUN (Mr.)



**MSC in Accounting and finance Program, Department of Accounting, College of
Business and Economics,**

JIMMA UNIVERSITY

SEPTEMBER, 2018

JIMMA, ETHIOPIA

ABSTRACT

Globally, governments' major revenues, and the countries' peace and security, are challenged by the increasing nature of illegal border trade. Customs and border control agencies face key challenges in preventing illicit trade and disrupting transnational smuggling operations those challenges: the scale of complexity of physical transportation geography in border, evasion, structural and operational flexibility by professional smugglers and cooperation problems which may arise inland and border control. The illegal trade in smuggled goods deprives governments of tax revenue, when goods are conveyed secretly or illicitly into or out of the country, without the payment of customs duty and tax. The government is obliged to increase taxes due to the burden of covering these shortages falls on honest taxpayers becomes weaken, the growth of black-markets, increase the price of domestically produced and imported goods leads many consumers seek lower-priced goods. This study sought to find out the challenges of control contraband trade on Ethiopian revenue and customs authority Jimma branch. The study used a qualitative and quantitative research approaches and targeted all population of 94 employees those who are working in law and enforcement department of the organization by use census of the whole respondents. The primary data was collected from custom profession by questionnaires developed in Linkert scale and interview to the management team. The data was tested by applying Statistical package for social science version 20 analytical tools. Cronbach's alpha reliability test, frequencies, descriptive statistics, bivariate correlation analysis (two-tailed) to show the relationship, liner regression to measure the effects of the independent variables on the dependent variables and to find the coefficient of determination analysis to test the models. The process of controlling contraband faces a great challenge like corruption, Lack of formal trade agreement, lack of stability of Ethiopia and neighboring country, poor communication, inadequate enforcement and penalties in the area. The thesis then suggests that to mitigate contraband, the government should raise domestic innovations, manufacturing and development stability, strengthen strong enforcement of the rules and punishments, and even create conducive environment for effective coordination and communication among controlling unit.

Keywords: Smuggling of goods, illicit goods, cross border contraband, inland contraband and custom station

Declaration

I hereby declare this thesis “Challenges to control Contraband trade control practice of south west Ethiopia of Ethiopian revenue and customs authority Jimma branch office” is carried out by me under the guidance of Derese Mersha (PhD) and Mr. Mohamed Getahun.

The thesis original and has not been submitted for the award of any degree or diploma to any University or institution.

Researcher Name

Date

Signature

Certificate

This is to certify that the Thesis submitted entitled “Contraband trade control practice of Ethiopian revenue and customs authority Jimma branch” submitted to Jimma University for the award of masters degree of accounting and finance and carried out by Kassaw Dessie Takele, under our guidance and supervision.

Main Advisor Name

Date

Signature

Co-Advisor Name

Date

Signature

ACKNOWLEDGEMENT

First and foremost, I want to give thanks to the almighty God for his faithfulness and for giving me the opportunity to achieve what I have achieved today.

I wish to express my deep appreciation and gratitude to my supervisors, Derese Mersha [PHD], and Mr. Mohamed Getahun for their help by for their critical guidance and inspiration at all levels in the preparation of this research and encouragement the study most valuable learning experience for me.

I am also greatly indebted to my family for taking care of me during my learning process for the beginning up to now.

Finally, my thanks also go out to all who have helped me complete this research.

Table of contents

Title	Page
Abstract -----	I
Declaration -----	II
Certificate -----	III
Acknowledgement -----	IV
Table of content -----	V
List of tables -----	VIII
List of figures -----	IX
List of abbreviation -----	X
 1. INTRODUCTION	
1.1 Background of the study -----	1
1.2 Background of the organization -----	2
1.3 Statement of the problem -----	4
1.4 Objectives of the study -----	5
1.4.1 General Objective -----	5
1.4.2 Specific Objectives -----	6
1.5 Significance of the study -----	6
1.6 Scope and Limitation of the study -----	6
1.7 Organization of the paper -----	7
 2. Literature Review	
2.1 Theoretical Literatures -----	9
2.1.1 The definition of contraband trade -----	9
2.1.2 The definition of smuggling -----	11

2.1.3 Cross border contraband trade-----	12
2.1.4 In border contraband trade -----	13
2.1.5 Contraband and the challenges facing ERCA -----	14
2.1.6 Contraband affects the public as a whole and its adverse effects-----	16
2.1.7 Fraudulent Acts Committed under the Cover of Legally Goods -----	19
2.1.8 Soliciting of Corrupt Practices -----	19
2.1.9 Misuse of Duty Free goods -----	20
2.1.10 Possession of Unlawful Goods -----	20
2.1.11 Challenges combating illicit trade and border control management -----	20
2.1.11.1 Resource constraints and scale complexity of transportation ---	21
2.1.11.2 Interdiction efforts of border control and law enforcement	
Agencies -----	22
2.1.11.3 Adaptation capabilities of transnational smugglers-----	23
2.1.12 Border Posts and checkpoints -----	24
2.1.13 Disposal of seized contraband Goods -----	24
2.2 Empirical research study-----	28
2.3 Conceptual Frame work-----	29

CHAPTER THREE

3.1 Research design-----	30
3.2 source and method of data collection-----	30
3.3 Sampling methods and Sample size-----	31
3.4 Method of data analysis and presentation -----	32
3.5 Data collection instrument -----	32
3.6 Validity and reliability of instruments -----	32

CHAPTER FOUR

4.1 Overview -----	34
4.2 Over all pictures of seized Contraband Goods -----	34
4.3 The challenges ERCA faced south west region to control contraband trade --	37
4.4 Demographic analysis of employees -----	38
4.5 Statical Analysis -----	39
4.6 Descriptive Analysis of responses of Employees	
4.6.1 Descriptive analysis of responses of Employees on contraband ---	40
4.6.2 Descriptive analysis of of Employees on the internal factor -----	41
4.6.3 Descriptive analysis of Employees on Customs cooperation -----	43
4.6.4 Descriptive analysis of Employees on in border contraband prevention--	45
4.6.5 Descriptive analysis of Employees on cross border contraband-----	48
4.6.6 Descriptive analysis of responses on contraband reduction -----	49
4.7 Regression Analysis	
4.7.1 Assumptions of Multiple Linear Regression -----	50
4.8 Correlation Analysis -----	54
4.9 A Linear Regression model with all predictor variables-----	57
4.9.1 Results of the coefficient for Assessment of contraband goods ----	57
4.10 Hypothesis testing -----	60

CHAPTER FIVE

5.1 Summery of finding-----	63
5.2 Conclusion -----	64
5.3 Recommendation -----	66
Reference -----	68
Annex-----	73

LIST OF TABLES

Table 3.1: Reliability Statistics of all the categories -----	34
Table 4.1: Estimated price of seized contraband goods reports-----	37
Table 4.2: Demographic characteristics of respondents-----	38
Table 4.3: Responses of Employees on increase of contraband -----	40
Table4.4:Responsesofemployeesoontheinternalfactors -----	41
Table 4.5: Responses of employees on t Customs Cooperation -----	42
Table 4.6: Responses of employees on in border contraband prevention -----	43
Table 4.6.1: Responses of employees on common in border commodity -----	45
Table 4.6.1: Responses of employees on challenges in border contraband prevention -----	47
Table 4.7:Responses of employees on cross border contraband prevention -----	48
Table 4.7.1 Responses of employees on common cross border contraband commodity -----	48
Table 4.8: Responses of Employees on contraband trade reduction-----	49
Table 4.9: Colinarity Statistics -----	51
Table4.10: Correlation-----	55
Table 4.11:Overall regression model summary -----	56
Table4.12:ANOVAtableassessmentcontrabandcontrolpractice -----	57
Table 4.13: Results of the coefficient for Assessment of contraband trade -----	58
Table 4.14: Summery of hypothesis -----	62

LIST OF FIGURES

Figure2. 1:conceptual frame work model -----	29
Figure4. 1: trend of seized contraband goods from (2013-2017)-----	37
Figure 4.2: Normality model-----	52
Figure 4.3: linearity model -----	53
Figure 4.4: Homoscedasticity model-----	54

List of Abbreviations

ANOVA	Analysis of Variance
CB	Cross Border
CO	Company
CT	Contraband trade
DARPA	Defense Advanced Research Projects Agency
E.C	Ethiopian Calendar
ERCA	Ethiopian Revenue and Customs Authority
EU	European Union
Gov.et	Government
GTP	Gross transformation plan
ICBT	Informal cross border trade
MoFD	Minister of finance and development
NO.	NUMBER
SPSS	Statistical Package for the Social Science
US	United state

CHAPTER ONE

1. INTRODUCTION

1.1 Background of the study

Illegal cross-border trade is an organized activity, involving both business and criminal activities, characterized by the importation or exportation of goods and services by unlawful means as well as evasion of taxes with an objective of making more profit within a short period of time (Jibril, 2014). It is defined by Economic Forum as ‘money, goods or value gained from illegal and generally unethical activity’ which generates ‘economic, social, environmental or political harms’ (World Economic Forum, 2012:3).

According to Jean-Guy and Ajumbo, (2012) Informal Cross Border Trade (ICBT) in Eastern Africa is more discernible when compared to other parts of the continent. Tegen and Alemayehu, (2002) also argued that trade between countries in the Horn of Africa is largely unofficial, unrecorded and has been there for a long time. For instance, evidence shows that hundreds of thousands of all types of livestock, coffee, vegetables and *chat* originating from Ethiopia are smuggled to neighboring countries. In return, a wide range of manufactured goods is imported to the Country illegally. Avert the adverse effects of contraband most countries of the world take preventive measures. In Ethiopia the responsibility to prevent contraband solely rests with the Ethiopian Revenues and Customs Authority (ERCA).

In Ethiopian context, the country’s Growth and Transformation Plan (GTP I) sought to strengthen the tax collection and administration systems to increase domestic revenue substantially as one of the economic development strategy (MoFD, 2010). Contrary to this fact the Federal Customs and Revenue Authority (2010) disclosed that Ethiopia loses 16.2% of tax revenue per year due to illicit trade. In Ethiopia, notwithstanding the recent explosion of plans, government’s commitment and reports with regard to the contraband and custom break, knowledge gaps still remain. Therefore to make the development programs feasible and to finance them, the government may be obliged to increase taxes. According to Customs Proclamation, No.622/2009 the burden of covering these shortages falls on honest taxpayers which in turn lead to higher prices of commodities. This in turn contributes for the growth of

black-markets or as the tax increase drive up the price of domestically produced and imported goods, many consumers seek lower-priced goods through a variety of alternative venues and channels, many of which are illegal. Contraband trade also widens income inequality or the earnings gap between the rich and the poor. The government who takes steps to achieve fair economic distribution across the society. Since Ethiopian Revenue and Customs authority Jimma branch is one of the branch offices it is also established to accomplish the authority's vision, mission and objectives in nine different sub-branch offices under it according to their proximity. Therefore, this overview of the existing situation of contraband in our country, its adverse effects on the economic, political and cultural life of our society, the strategies employed by ERCA to prevent it.

1.2 Background of the organization

ERCA is the body responsible for collecting revenue from customs duties and domestic taxes. It is also responsible to protect the society from adverse effects of smuggling. It seizes and takes legal action on the people and vehicles involved in the act of smuggling while it facilitates the legitimate movement of goods and people across the border (ERCA strategic plan, 2008-2012).

ERCA traces its origin to July 7, 2008 as a result of the merger of the Ministry of Revenues, the Ethiopian Customs Authority and the Federal Inland Revenues into one giant organization. Reasons for the merge of the foregoing administrations into a single autonomous authority are varied and complex. Some of those reasons include: to provide the basis for modern tax and customs administrations, cut through the red tape or avoid unnecessary and redundant procedures that results in delay and cost-inefficient, be much more effective and efficient in keeping and utilizing information, promoting law and order, resource utilization and service delivery, and transform the efficiency of the revenue sector to a high level. The main objectives of ERCA include establishing modern revenue assessment and collection system; and provide customers with equitable, efficient and quality service, causing taxpayers voluntarily discharge their tax obligations, enforcing tax and customs laws by preventing and controlling contraband as well as tax fraud and evasion, collecting timely and effectively tax revenues generated by the economy and providing the necessary support to regions with a view to harmonizing federal and regional tax administration systems(ERCA strategic plan, 2008-2012).

The Vision of ERCA is to be leading, fair and modern Tax and Customs Administration in Africa by 2017 E.C that will finance Government expenditure through domestic tax revenue collection.

The Mission of ERCA will contribute to economic development and social welfare by developing a modern Tax and Customs Administration that employs professional and highly skilled staff who promote voluntary compliance amongst individuals and businesses, and take swift action against those who do not comply.

The Values of ERCA will understand its customers and their needs treat them with trust and respect and help them meet their obligations. It will act with integrity, transparency and professionalism, and enforce customs and tax related laws. It will work closely with stake holders and ensure the participation of women.

The authority has its own head office in Addis Ababa and has branch offices, tax centers and customs control stations of which Jimma branch found in Jimma city located in front of the city administration is one which was established in 1995 E.C. Under Jimma revenue and customs authority branch office, there are.

- ◆ Five work processes and two management support teams: Tax Audit; Tax Assessment, Collection and Follow up; Customers Service, and Resource management support, and Prosecution work processes ; and the two support teams include Information Technology management and Human Resource management Support Teams.
- ◆ Two customs Tax centers: Assosa Customs Tax Center in Assosa city, and Gambela Customs Tax Center in Gambela city. Six customs control stations: Kurmuk Customs Control Station, Gizen Customs Control Station, Laree Customs Control Station ,Gibe Customs Control Station, Gedo Customs Control Station and Metihar Customs Control Station, and one tax collection center: Nekemte Tax Collection Center.
- ◆ The branch office is one of the liaison offices of the authority. Tax collection centers are centers administrated under the branch office. Those customs control stations are stations administered under the branch office where customs formalities are compiled with and collection of taxes and duties take place on imported and exported goods. In short the branch office, customs tax centers and tax collection center are responsible to collect internal revenues, control tax fraud, evasion and contraband, and secure social welfare of the society.

1.3. Statement of the Problem

Globally and specifically in Africa, countries have been faced with the challenge of bringing about sustained economic development and growth. The emerging consensus in this respect is trade, if well managed, could play an important role in tackling the challenge. Trade undeniably plays a crucial role in bringing about economic development and growth regarding with export and import activities, there are a number of distinct regulatory procedures and regimes that affect cross border and in border operations. These operations fall into the wider categories of revenue collection, public safety and security, environment and health, consumer protection and trade policy issues. Customs procedures requirements, inspection as well as general security issues can all severely hamper the timely movement of goods in and across borders (Teklu and Negus, 2001).

There are so many researchers exploring in accordance with general trade practice, exported goods are generally not subject to taxes (or duties). Historically, in several jurisdictions, untaxed exports of cigarettes have been diverted into the contraband market to be sold in receiving countries without tax or smuggled back to country of origin and sold as contraband. Export taxes on tobacco products aim to decrease the amount of exported tobacco to restrict this source of diversion (Sweeting, Johnson and Schwartz, 2009). The result of intensified enforcement crackdowns also differs between the types, affecting the nature of the organization of smuggling practices conclude that the exploration of diversity among smuggling practices demonstrates the advantages of avoiding a treatment of illegality in general terms, and to pluralize the concept to understand the diverse motivations and forms that illegal practices can taken.

According to Smart, Zerilli, (2014) research, discovered the potential impact of external political pressure on the persistence of illegalities one comfort mission turned back at the border; it resulted in a protest that turned into a riot. Such confrontations threatened to destabilize a delicate geopolitical situation, and the constraints ultimately resulted in a squatter resettlement program that transformed into one of the largest public housing programs in the world.

To avert the adverse effects of contraband most countries of the world take preventive measures. A vital component of all anti-contraband measures is the ability of authorities to enforce regulations and identify products which are illicit. Investment in enforcement resources for

personnel or technology for excise or customs officials is an important policy measure to address smuggling and tax-evasion issues (Mohamed, 2017). Regardless literatures on contraband, on different contraband trade control at worldwide, there is a lack of research development on contraband trade controlling system in Ethiopia. As the emerging issues on controlling contraband were lack of stability of Ethiopia and Neighboring country, corruption, lack of formal trade agreement, poor cooperation and insufficient check points to cover the area. According to Teklu and Negus(2001), that general trade practice, exported & imported goods are generally not subject to taxes (or duties) & goods diverted into the contraband market to be sold in country without tax make ERCA loses its revenue. These researches done this title and the scope of the study and the finding on contraband controlling but there is no related study that assesses the determinants of contraband trade control practice in ERCA. So this study was done to fill the gap.

Therefore, the study was aimed to explore ‘the determinants of contraband trade control practice in Ethiopian revenue and customs authority Jimma branch and provides possible suggestion that can help the organization to consistently get service and support the organization. The study was answered the following basic thesis questions

1. What are the challenges related with the control of contraband trades in the catchment of jimma branch office?
2. What are factors that hinder contraband prevention of ERCA Jimma branch?
3. What are the effects of inland contraband trade on tax collection?

1.4. Objectives of the Study

1.4.1 General objective

The main objective of this study was to examine the contraband trade control practice in south west Ethiopia Jimma branch.

1.4.2. Specific objectives

1. To examine the trend of revenue collected from seize contraband goods in ERCA.

2. To study the challenges related with controlling in border contraband trade of south west Ethiopia
3. To describe the challenges in cross border contraband trade (by ERCA).
4. To identify factors which help prevent contraband trade?

1.5. Significance of the Study

As this study is aimed to address about ERCA Jimma branch office, in relation to determinants of contraband trade in south west region of the country. So it provides information to manager that help to decision making, it help the government to establish a policy that will reduce the level of informal economy in the country, help custom authority to establish ways that will help them to reduce if possible or eradicate contraband and enhance its tax revenue potential and it also provides necessary information for organization to determine and recommend technique of contraband control practice. Moreover, this study laid ground for future researchers to conduct in the same or different environment.

1.6. Scope and Limitation of the study

The scope of this study constrained on determinants of contraband trade control practice of Jimma branch office in Jimma city and its related custom Centers (in Gambela and Assosa city custom collection centers and the six custom control stations(in Metahir,Lare,Kurmuk,Gizen,Gedo and Gibe custom control stations were included because of budget and time constraints. The primary data was collected from management, employees who are working in the Jimma branch and its checking stations custom centers. The secondary data collected from the files from the human resource department and law and enforcement department of ERCA Jimma branch office and its sub branches.

The limitation of this study is brought about by the fact that this study was concentrated only in Ethiopian revenue and customs authority Jimma branch and its all custom sub stations included the authority which also a public office. Due to this, the findings of the study may not apply to other branch of ERCA, mainly the government organizations like federal police and regional government due to time and budget constraint.

1.7 Organization of the study

This study was organized in to five chapters. The first chapter includes: Introduction: Background of the study, Background of the Authority, statement of the problem, objectives of the study, significance of the study, scope of the study, limitation of the study, organization of the study and operational definitions. In the second chapter the researcher assessed related books, journals, articles, websites and researches in the literature review part it includes: empirical study part and summarized and detailed operational definition. Third chapter are presented methodologies used in conducting the study and description of the study area, research design, data sources, sample size and sampling procedures, data collection instruments, data collection procedures and methods of data analysis. In the fourth chapter of the thesis, Results & Discussion: reliability test, description of the demographic characteristics, correlations among the variables. Final chapter recapitulates the study in terms of summary of findings, conclusions and recommendations of the study.

1.8, Operational Definitions

Contraband trade: is based upon the idea that goods are conveyed secretly or illicitly into or out of the country without the payment of customs duty and taxes, the government loses much revenue.

Cross border contraband trade: is an organized activity, involving both business and criminal activities, characterized by the importation or exportation of goods and services by unlawful means as well as evasion of taxes with an objective of making more profit within a short period of time.

Increase custom cooperation: are custom professions and responsible sectors coordination as “the act of managing contraband trade aiming increase revenue collection by reducing illegal trade.

In border contraband trade: is illegally imports or locally produced goods and equipments moved from one place to other place in the country illegally and sold at chipper prices and it

weak legal traders and negatively affect health of the society, the security and the government revenue.

Internal factors: are the factors that hinder contraband prevention customs officer who, by receiving a bribe, by reason of nepotism or in consideration of any other unlawful benefit, *insufficient check points to cover the area, the presences of weak contraband control team and lack of skilled man power are hampering* controlling system.

Smuggling: Smuggling is a criminal offense of bringing into or removing from a country those items that are prohibited or upon which customs or excise duties have not been paid. Non-declaration (where no product is declared at port of entry) as well as not being in possession of any legal import documentation can also be considered as outright. Some examples of prohibited goods includes narcotics drugs, military weapons, fake currency etc products are not at all allowed to trade through legal channels and all smuggling is outright smuggling.

Measures Against Contraband : measures that will reduce or eradicate contraband and other illegal cross border trades and in turn enhance domestic production, the prevention of contraband needs a wide range of actors including government, both regional and local administrators, and the society at large.

CHAPTER TWO: LITRETUREREVIEW

2. THEORETICAL LITRRATURE

2.1 .The definition of contraband trade

Understanding of contraband requires knowledge of its definition and usage in various contexts the English word contraband, reported denotes any item, which, relating to its nature is illegal to be possessed, sold. The term is derived from Latin contra "against" + Middle Latin bannum "a command" Numerous treaties defining contraband have been concluded among nations. however, the term is commonly (and in legal language) used for goods that have been imported or exported illegally or for smuggled goods that are imported into or exported from a country in violation of its laws. The term is also applied to any property that is illegal to produce or possess. According to Mohamed and Teklu, (2017) in Ethiopia, contraband is not a recent phenomenon but existed long periods ago. Since then smugglers did not hesitate to smuggle goods into and out of Ethiopia, and they are still doing it in spite of allows and regulations individuals involve themselves in contraband activities. They smuggled products like electronics and electrical goods, garments of various kinds, perfumes, cosmetics, habit-forming drugs, armaments, and others. The products are smuggled from countries like Sudan, Eritrea, Kenya, and Djibouti. These neighboring countries knowingly allow their border for such products to cross Ethiopia to raise illegal activities in the country that will jeopardize the economy of the country at any time.

Contraband is border crossing of some forbidden goods or goods not paying custom duties, or of some goods whose entering or exiting to or from a country is prohibited, banned by law; or the avoidance of goods from being controlled or from the customs practice. According to Custom proclamation n_o 859/2014 any restricted goods which the importation, exportation, transit is restricted unless it is permitted by the authority in accordance with legal procedure is contraband trade. It is used for goods that by their nature are considered too dangerous or offensive in the eyes of the legislator (termed contraband) and forbidden, So-called derivative contraband refers to goods that may normally be owned, but are liable to be seized because they were used in committing an unlawful act and hence be got illegally are:

- Smuggling goods
- Stolen goods – knowingly participating in their trade is an offense in itself, called fencing
- The fruits of fraud, forgery etc.

According to Addisu, (2018) some of illicit transactions may be carried out across a border between countries by illegal traders or by licensed business owners whose aim was to escape government tax. This was the problem for all countries across a globe for an extensive period of times and still exists regardless of the measures developed and taken by governments. However; what remained an answered by academicians, government and even international organizations was engage themselves in such illegal activities.

People participate in contraband activities directly by themselves or assign agents that will act on behalf of them for commission base. They are motivated by various factors may be to avoid taxes and to secure illegal competitive advantage, to avoid customs checkpoints where goods and their documents are examined, to make a living and to escape from the Unemployment prevailed in the country.

Others involved in the contraband trade as acts of political defiance. Irresponsible and anti-peace elements may smuggle guns and hand grenades into the country to commit a crime, to damage public infrastructure and to create political instability in the country or to cause an atmosphere of social unrest. Moreover; consumer's willingness to buy goods on the black market is the other factor that drives smugglers (www.erca.gov.et/index.php/customs/org).

Illicit trade encompasses a diverse range of commodities and services that creates the formation of black markets around the world. The World Economic Forum has defined illicit trade as ‘money, goods or value gained from illegal and generally [or commonly viewed to be] unethical activity’ which generates ‘economic, social, environmental or political harms. The logistics process by which illicit traders move their products to market is known as transnational smuggling. Contraband is “any unauthorized substance or material possessed by inmates such as alcoholic beverages, mobile phones, cigarettes, weapons, drugs, illicit financial flows, prohibited appliances and clothing” and this increase in violence and trafficking is fuelling political tensions, pose a threat to public health and safety that further weaken the security situation.

The toxic and corrosive nature of illicit trade and organized transnational crime harms economic growth and job creation, challenges the rule of law, robs governments of needed revenue and threatens human rights and quality of life, and thus requires a strong, internationally coordinated response (illicit trade report, 2013). Contraband enhances criminality of detained individuals since it necessitates rebellious behaviors that drive individuals to reckless and risky behaviors such as drugs and alcohol which increases the chances of an individual committing crime (Adamson, 2003). This is likely to lead to attempted escape and indiscipline (Kennison & Bradley, 2012). Main negative consequences of contraband are reduction of annual income of the government; common worsening of economic subordination which reduces ability of the government to adopt rational solutions; insufficient accuracy in grant of the state social sponsorship as even those who earn large income from illegal activity may obtain it; residents and legal entities tend not to observe existing rules and failure to observe the rules. If the government faces fiscal problems, it is worth to issue additional amount of money into turnover in order to balance income and expenditures (Bakhtiyari, 2016).

2.1.1. The definition Smuggling

Smuggling can be defined as “the clandestine import and export of goods from one jurisdiction to another. The World Customs Organization (WCO) glossary defines smuggling as, “Customs offence consisting in the movement of goods across a customs frontier in any clandestine manner, there by evading customs control. Smuggling, therefore, is a criminal offense of bringing into or removing from a country those items that are prohibited or upon which customs or excise duties have not been paid. Non-declaration (where no product is declared at port of entry) as well as not being in possession of any legal import documentation can also be considered as outright. Some examples of prohibited goods includes narcotics drugs, military weapons, fake currency etc products are not at all allowed to trade through legal channels and all smuggling is outright smuggling. On the other hand, smuggling could take place through legal channels of trade by various means to evade customs duties and other taxes applicable on such goods and products (Joossens et al, 2000). In fact, these products can be traded legally through payment of official duties and taxes. Machinery, agricultural goods, automobiles and their parts are examples of legal goods. These goods/products do not need the permission of relevant governmental organizations for importing or exporting. This is referred to as Technical

smuggling and such goods are liable for confiscation under the Customs Act 1962. Ways and means of technical smuggling may categories based on seizure data of Directorate of Revenue Intelligence in India:-

- Undervaluation
- Miss-declaration
- Misuse of End Use and Other Notifications

Generally smuggling is a serious problem and its impacts are far reaching, affecting various stakeholders including Government, domestic industries and citizens of the country and its impacts are direct loss to government revenues, negative impact on economy, impact on local industries, threat to society, health and safety risks and impact on innovation and investment.

2. 1.2. Cross border contraband trade

Cross border contraband goods are any imports or exports prohibited or restricted goods or without customs clearance or illegally imports duly exported goods and equipments used in the commission of the offence (customs proclamation, 622/2009 page 59). Cross-border contraband trade is a logistics-intensive process that can be viewed as a core competency for transnational criminal organizations involved in illicit trade activities (Basu,2013).Transnational contrabandist involves the clandestine transportation and conveyance of illicit goods and/or people across national borders. Modern-day smugglers use novel, flexible, stealthy logistics, assets, and systems to smuggle illegal goods across national borders in order to avoid the risk of detection and apprehension. Any person who transports, stores, offers for sale or buys goods or animals, that border controllers, particularly federal police, confiscate their even before entering the 15 kilometers-from-border zone which is set illegal by customs authority. This zone is known as “customs frontier strip” as per the new customs proclamation (Art. 2 (44) of the Customs Proc. No. 859/2014.

According to Mustapha,(2004) Contraband, other illicit goods, and human beings, as well as deploy terrorist operatives to conduct attacks due to the presence of cross-border communities that are difficult to administer and often uncooperative in managing borders. Some borders, particularly in Eastern African, have become almost unmanageable due to the lifestyles (gun culture) of pastoralist border communities. Such activities undermine States’ efforts to cross-

border contraband trade affected populations, and provide financing to terrorist and criminal networks in ways that adversely affect international peace and security.

2.1.3. In border contraband trade

Any goods, money or value gained from illegal and unethical activity' which generates 'economic, social, environmental or political harms or which is traveled above the stated amount from one place to other within the country is in border contraband trade (Custom proclamation no 859/2014).

The illegal trade attracted members of virtually every Soviet social group and ethnicity within the country's vast place, and smuggled goods were channeled further inland as well.

The flow of contraband products into a country weakens local industries by distorting the prices of the products. These illegal, illicit traders well know by the act of providing the products at chipper prices which will disappoint and may also remove local producers from the market.

According to Bakhtiyari (2016) there is a price difference across the major towns in the country. In the journey from border place to center of the country the price of the the commodities almost doubles. Moreover, this factor was rated as the most important cause, by most informants, among the individual and social causes of contraband trade in Ethiopia.

Weak local governments and Institutions the local government institutions especially across the border and rural *Woredas* are found to be weak, which undermine the effectiveness of the enforcement of these laws. Moreover, the local regional governments also failed to properly implement the urban and rural job creation policy of the country which is manifested by high unemployment rate in the formal sector. The growth of illegal contraband trade has been facilitated by the failure of local government institutions to control the flow of currency in areas under their administrative jurisdiction. This complete freedom of currency movement between the twons in the country.

The frequently seized contraband goods smuggled from border town to Addis Abeba and other towns includes used clothes, electronics, used shoes ,perfumes, cosmetics, habit forming drugs, Timber products and the food items like coffee, Teff, pepper crone and fair arms are the most common items border contraband goods. However goods smuggled in to this area, control the

local market this create serious problem by losing their competitive advantage in the market (Mohamed and Teklu, 2017).

2.1.4. Contraband and the challenges facing ERCA

Contraband trade (CT) began in Ethiopia long time ago. Since then smugglers do not hesitate to smuggle goods into and out of Ethiopia and they are still doing it in spite of all laws and regulations. The seizure of contraband goods has become an everyday occurrence. Almost daily, federal policemen and other law enforcement bodies mandated to seize contraband goods intercept many criminals involved in smuggling. The frequently seized contraband goods smuggled into the country includes manufactured goods such as electronic and electrical goods, garments of various kinds, perfumes, cosmetics, pornography, habit forming drugs, armaments and others. Sudan, Eritrea, Kenya, and Djibouti are identified to be the main sources of these goods.

Coffee, which is the country's chief export item, a multitude of livestock, cereals of various types, animal skins, fuel and others are some of the goods smuggled out of the country. These goods are smuggled to the aforementioned neighboring countries.

The seized goods have no official entry point in the country, do not have customs document or prior approval to enter into or depart from our country. The smugglers traffic goods of various kinds into and out of the country illegally without having state issued permits, license or registration. In general, they violate the law that governs the import /export procedure and thus avoid the payment of all applicable taxes for the importation or exportation of goods (www.erca.gov.et/index.php/customs/others/101contraband).

Various factors cause contraband trade. Smugglers deliberately move almost anything across the border (1) to avoid taxes and to secure illegal competitive advantage, (2) to avoid customs checkpoints where goods and their documents are examined. The checkpoints do so just to ensure that goods are transported according to laws and directives. (3) Smugglers claim that they involve in contraband trade in order to make a living and to escape from the unemployment prevailed in the country. (4) Others involve in contraband trade as acts of political defiance. Irresponsible and anti peace elements may smuggle guns and hand grenades into the country in order to commit crime, to damage public infrastructure and to create political instability in the

country or to cause an atmosphere of social unrest.(5) Consumer's willingness to buy goods on the black market is the other factor that drives smugglers. Smuggled goods are sold at a low price and this has made thousands of poor people prefer to buy smuggled goods than legally imported goods. Contraband goods that consumers buy on the black market are estimated to be worth millions of birr annually. This in turn undermines the ability of businessmen to make profit and pay tax. (6)ERCA has also recognized that external factors like political instability, social unrest and economic crisis in Somalia have contributed to the expansion of contraband trade in our country.

Smuggling method of contraband goods vary: sometimes smuggled goods are conveyed across the border on foot or on pack animals. Some are trafficked hidden within areas such as automobile tires, doors, fenders, bumpers, fuel tanks, and in other secret compartments of trucks, and trains. Some contraband goods are occasionally smuggled into and out of the country stuck in containers with other legal shipments allowed to be imported or exported after fulfilling customs formality. Drivers of trucks which transport legal shipments stop their vehicle en route and load illegal goods in the container of legal goods. Smugglers are also assisted by some dishonest customs officers at check points and local security forces. Smugglers bribe them and enter or take their goods into or out of the country illegally (proclamation no. 622/2009customs proclamation).

Mohamed and Gizaw, (2017) states smugglers to convey their goods, cross the land borders of the country between Somalia, Sudan, Djibouti, Kenya, and Eritrea, and use routes that are not under the control of the federal police. The large part of the Ethiopian border encompasses extensive lowland areas and can never be fully controlled by the federal police. As a result, smugglers can easily cross the border with their substantial smuggled goods. It is estimated that contraband goods worth millions of birr enter Ethiopia annually via these borders. The smugglers, experienced in running contraband goods and adept at traversing the country's border, are canny in looking for other devious routes when their way is blocked by federal policemen. They are also violent enough to intimidate or kill anyone standing in their way. Especially, smugglers in areas like Ginir and Negelle use rifles and other hand guns like revolvers and pistols and are well known for their ability to cause tension or an atmosphere of social unrest in those areas. As a result, many elements of the Ethiopian law enforcement community have lost

their priceless lives in the fight against smugglers. Using the above mentioned devious devices/methods, smugglers deliver contraband goods to their secret stores and make them available for selling and distribution. Some towns of the country like Gigigiga, Harer, Diredawa, Gedamaitu and Nazreith are identified to be major centers for storing and trading contraband goods. Addis Ababa, the capital city of the country, is also the market place for both legally or illegally imported goods. Presently, it has become a commonplace to see the selling of contraband goods at a street level in Addis Ababa and other major towns of the country by the evening.

As the November 2009 paper on strategies to prevent contraband stated, organized crime is deeply involved in trafficking contraband goods especially in the Eastern, Southeastern and Northeastern Regions of the country and these areas are identified as springboards for smugglers.

2.1.5. Contraband affects the public as a whole and its adverse effects

The illegal trade in smuggled goods deprives governments of tax revenue. When goods are conveyed secretly or illicitly into or out of the country, without the payment of customs duty and taxes, the government loses revenue of several million birr required to pay for workers in civil and military institutions, build roads and fund other government activities. The upshot or the eventual outcome of the revenue lost is that it hampers development programs. Therefore to make the development programs feasible and to finance them, the government may be obliged to increase taxes. The burden of covering these shortages falls on honest taxpayers which in turn lead to higher prices of commodities. This in turn contributes for the growth of black-markets or as the tax increase drive up the price of domestically produced and imported goods, many consumers seek lower-priced goods through a variety of alternative venues and channels, many of which are illegal. This includes purchasing counterfeit, illegally imported, untaxed, under-taxed and stolen goods (ERCA, 2018).

According to Mohamed and Gizaw, (2017) Contraband trade also widens income inequality or the earnings gap between the rich and the poor. Evading customs duties and taxes, the smugglers become well off and are able to live quite extravagantly. They amass wealth while the living standards for many stagnate. Smugglers spend money that should have been available to the

government: a government who takes steps to achieve fair economic distribution across the society. Some problems are:-

1. Unemployment problem worsens as the country's establishments go out of business because of contraband.

Our country is home to establishments (business organizations) that provide customers with the goods and services they want. Our industries, such as tyre, shoes, clothing etc factories are some of our business organizations. These organizations came into business after bringing together the labour force, capital and production materials thereby creating employment opportunities for a large number of citizens of the country. As we all know, these businesses seek to make profit, that is, they aim to achieve revenues that exceed the costs of operating the business. However, goods smuggled into the country can create an adverse effect on their strive to make profit. For instance by controlling the local market, thousands of bales of clothing smuggled into the country can create serious risk for domestic textile industry. Not only domestic textile industries but also Importers of textile are concerned about smuggling from abroad.

2. Smuggled in pornography and drugs corrupts moral virtue and social order

According to the Electronic Concise Oxford Dictionary-Tenth Edition, pornography is a printed or visual material intended to stimulate sexual excitement. Pornography materials display of genitals and show sex acts in an offensive way thereby eroding the moral values of the society. In our country the importation of pornography is prohibited for it is considered as a social evil and detrimental to the notion of a good citizen. However, in spite of these prohibitions, pornography materials that are en route to the country are seized every time although there is lack of statistical evidence as to the quantities seized. Additionally, the trafficking of Pornography through non-traditional trade channels, specifically the Internet, is a growing problem and in response to this problem the Ethiopian government has blocked pornography websites although complete control is not yet possible.

Habit-forming dangerous drugs debase/demoralize the moral senses of the youth and others who take illegal drugs for pleasure or because of addiction and it also cause them a wave of sickness when they are unable to continue taking it. The poor quality smuggled goods can produce health problem in the society. In their attempt to control drug trafficking, federal policemen catch people and travellers who bring illegal drugs into the country.

3. Smuggled in armaments intensify crime and antisocial behavior

Antisocial behavior is conduct that disrupts society, or display disdain or hostility to it. For instance, committing crime is antisocial behavior. Such kind of behavior can be intensified in our society by body of persons who used smuggled in armaments for violence activities calculated to cause death, robbery, burglary, rape and other crimes. Therefore smuggling armaments into the country weakens the struggle to maintain peace and order in the society.

4. We lose our cultural heritage if goods are smuggled out of the country

Our cultural heritages which have aesthetic, historical and economical importance are nowadays threatened by smugglers who move them out of the country. Much of our country's priceless cultural heritage will be vanished forever within a short period of time if they are not protected from theft and smuggling. Our cultural heritages should be enriched and preserved in a museum so that they can be means of tourist attraction. They can be used for the purposes of public education and for the advancement of knowledge if we care for them, study, interpret, and exhibit them.

5. Goods smuggled out of the country hurt foreign exchange earnings

Multimillion dollars worth of goods are smuggled out of the country every month all year long. Coffee, the country's chief export item, precious metals as gold and silver, pulse and livestock are some of the goods that are smuggled out of the country. Some of these products of the country are seized while being smuggled out of the country to foreign countries.

However, as complete control of smuggled goods is impossible, some of the country's product escape customs detection and move away illegally from the country thereby worsening the shortage of foreign exchange. The upshot of this situation is that it hampers our country's long

range development program, which is intended to transform our agricultural economy to partially industrial one. Additionally, purchases of many capital goods needed for the growth and development of our country will be restricted.

In brief, goods smuggled into or out of our country have an adverse effect on the economical, political and cultural life of our society and for this very reason our country prevents contraband. It enforces laws to safeguard its society from the adverse effects of contraband and has designed a strategy for the protection of its society from the adverse effects of contraband.

2. 1.6. Fraudulent Acts Committed under the Cover of Legally Declared Goods

According to (custom proclamation n^o 859/2014) any person who imports or exports or attempts to import or export stated as:

- A). imports or exports goods not registered or wrongly registered in a customs declaration and without the payment of customs duties and taxes or with the payment of reduced customs duties and taxes;
- B). provides false documents or information in relation to the country of origin of goods with the purpose to evade the payment of customs duties and taxes or to obtain reduction or refund of customs duties and taxes;
- C). Deletes, cancels, erases or forges documents; or
- D). Commits any mischievous acts to evade the payment of customs duties and taxes; shall, without prejudice to the forfeiture of the goods undeclared or those in respect of which false information is presented, be punishable with a fine equivalent to the amount of the customs duties and taxes payable on the goods and with rigorous imprisonment from seven to ten years.

2.1.7. Soliciting of Corrupt Practices

As custom proclamation n^o 859/2014 any person who bribes a customs officer or police officer, or induces the offer or acceptance of such bribe, with intent to procure him to perform or omit an act in violation of customs laws, regulations or directives shall be punishable by money and and rigorous imprisonment. Any person who has committed an offence may not be prosecuted where he reports to the concerned body the commissions of the offence with tangible evidence before the goods are released from customs.

2.1.8 Misuse of Duty Free goods

Uses duty free goods or goods imported on the basis of reduced duty and tax rates for purposes other than which the duty relief is granted or transfers them to another person or places them, in any manner, under the service or possession of other persons outside of his family; or while being or should have been aware of the facts, buys, receives, uses, transfers or places such goods under the services of others; shall, without prejudice to the forfeiture of the goods, be punishable with a fine equivalent to the amount of the customs duties and taxes payable when such good were imported and with imprisonment (customs proclamation, no. 622/2009).

2.1.9. Possession of Unlawful Goods

Without prejudice to other provisions of this Proclamation, any person who, knowing or ought to have known the fact, possesses prohibited or restricted goods or goods that have not undergone customs formalities shall, without prejudice to the forfeiture of the goods, be punishable with a fine equivalent to the amount of the customs duties and taxes payable on the goods and with rigorous imprisonment according to custom proclamation 622/2009

2.1.10 Challenges combating illicit trade smuggling for customs and border control management

Global customs and border control agencies face an interesting paradox in managing two parallel mandates. The first mandate deals with the effective facilitation of legitimate and legal trade flows of goods, services, people and capital. The second relates to the interdiction of and halting the flows of illicit commodities, services, and the apprehension and prosecution of individuals facilitating illicit trade. This parallel mandate can lead to operational inefficiencies within legitimate supply chains leading to increased cost, delivery disruption, time delays, interruptions in the smooth flow of products and services, traffic and port congestion, and longer cycle times (Lee & Whang 2005).

Businesses and government actors describe their frustration as a perception that regulatory controls are not always compatible with operational needs (Grainger, 2007). Customs and border control agencies conduct their own operations to stop and deter illicit trade to minimize transnational smuggling operations, reduce the supply of contraband goods and disrupt criminal networks. The process by which these agencies achieve their objectives is through border

interdiction, collection of information and intelligence, investigations into criminal networks, deployment of anti-smuggling technologies, prosecution of individuals associated with professional smuggling rings, facilitation of training and education, and the fostering of cooperation between international customs agencies (Clark & Sanctuary 1992). Typical performance indicators used to measure the effectiveness of anti-smuggling efforts include the number of seizures, quantities and value of illicit commodities seized, numbers of individuals charged and convicted, length of sentence, and the proportion of illegal importations detected (Wag staff & Maynard 1988). All but the last of these are fairly easy to measure but in isolation provide only a partial account of the control agency's effectiveness in deterring illicit trade flows. For example, increased seizures are often seen as evidence for increased effectiveness; however, it can be argued that they merely reflect higher importation levels. A more holistic performance management system which includes both demand and supply indicators is needed to assess the effectiveness of disruption of illicit trade flows (Wag staff & Maynard , 1988).

According to (Basu, 2014) customs and border control agencies identify key structural and operational challenges that those agencies tasked with combating illicit trade currently face. These challenges are underpinned by three factors:

1. Resource constraints and scale complexity of transportation geography
2. Interdiction-adaptation cycle between customs/border enforcement and transnational smugglers
3. Institutional and inter-organizational coordination problems.

2.1.10.1 Resource constraints and scale complexity of transportation geography

The movement of people and goods across time and space relates to the mobility dimension of transportation geography. Transportation geography involves transport infrastructure, such as marine ports, bridges, roads, rail tracks, and airports, as well as terminal hubs and distribution centers that form the basis for a complex spatial system. The analysis of transportation geography entails the exploration of the linkages between spatial constraints, attributes of the origin and destination, the extent, the nature, and the purpose of the movements. The last three items are of particular importance to customs and border control and security agencies in regard

to the facilitation of legitimate trade and deterrence of illicit trade. Mobility interweaves with the construction of nations on multiple scales and with the control of movement as demarcating the boundary between those flows that are wanted and those flows which are to be excluded (Jensen 2013). As us department of homeland security deputy secretary James loy pointed out. Professional smugglers often have a good understanding of transport geography. The use this knowledge when making decisions regarding transportation routes, modes, use of specific transport infrastructure and transshipment hubs. Smugglers use either formal or informal border crossings to get contraband across borders. Informal border crossings are often porous and traversed by foot, by horse or all-terrain advanced military-style technologies and control methods, customized for anti-smuggling efforts. These same customs and border interdiction campaigns create distinct transaction costs for smugglers and trigger adaptation mechanisms (Basu, 2014). The risk of detection and apprehension by customs and law enforcement agencies forces smuggling organizations to incur specific transaction costs related to *concealment* and *evasion*. According to Grillo, (2012) Concealment costs are the costs associated with avoiding the risk of detection by customs officials, border patrols, and police. Evasion costs are the costs associated with evading arrest, prosecution, and taxes by customs and law enforcement authorities. These transaction costs are a direct result of law enforcement interdiction, which facilitate adaptation responses by smugglers, emphasizing concealment, evasion, structural, and operational flexibility capabilities. The constant cat-and-mouse game between law enforcement and criminal organizations involved in smuggling creates an interdiction-adaptation cycle. This interdiction-adaptation cycle can vary in time from days and months to years and decades.

2.10.2 Interdiction efforts of customs, border control and law enforcement agencies

Customs, border control and law enforcement agencies plan and operationalize interdiction initiatives designed to deter flows of international illicit trade. These agencies receive funding from their respective governments and allocate human and technological resources accordingly. During the last few decades, there have been massive investments in anti-smuggling initiatives. For example, in the US, government funding for combating illegal drug smuggling increased.

In conjunction with funding and human resource surges, advanced technologies were utilized in interdiction efforts. Military equipment and technology initially designed for war and combat were increasingly made available and customized to deter smugglers. For example, the North American Aerospace Defense Command, which was built to track incoming Soviet missiles, was refocused to track smugglers; x-ray technology designed to detect Soviet missile warheads in trucks was adapted for use by US Customs to find illicit trade shipments in cargo trucks; the Airborne Warning and Control System surveillance planes began to monitor suspected international smuggling flights; the Defense Advanced Research Projects Agency (DARPA) began research efforts on anti-submarine warfare to develop listening devices to detect drug smugglers.

2.1.10.3 Adaptation capabilities of transnational smugglers

As law enforcement funding, human and technological resources intensified, illicit trade smugglers employed their own adaptation strategies. Professional smugglers adapt by learning from the environment. A Canadian customs official stated: ‘They are continuously learning. Every time go to court, has to disclose how to got them and learn from that and adapt. The amount of change and advancement in concealment methods from the 1980s and early 1990s is nothing compared to what it is like now. It’s just incredible’ (Schneider, 2002). The evolution of smuggling technologies is a factor in structural flexibility. Drug traffickers used fast boats and fishing trawlers in the 1970s and 1980s for smuggling. In the 1990s and 2000s, drug smugglers started using semi-submersible vessels and are currently using unmanned aerial vehicles or drones for smuggling purposes (FBI, 2010).

Organizations engaged in smuggling developed specific capabilities to circumvent interdiction. Smugglers incur unique transaction costs of concealment and evasion based on the risks of detection and arrest by law enforcement agencies (Basu,2014). Thus, smugglers acquired capabilities around concealment and evasion to increase their probabilities of successful smuggling operations by strengthening these capabilities. Concealment capabilities include customized transport assets with special compartments designed to conceal contraband, elusive transport routes, and secretive arrangements with financial institutions for the purpose of laundering money generated from illicit activities. Evasion capabilities include bribes to customs

and border security officials, and high-speed or stealthy transport assets designed to outrun and evade law enforcement radar when operations are detected.

In addition to this, smugglers exhibit various levels of structural and operational flexibility to elude interdiction. Structural flexibility includes adaptation to legal, regulatory, and competitive environments by smugglers; flexible organizational and relationship structures, in the case of incarceration, death, or role changes in the smuggling organization; and the diversification of illicit product portfolio structures, for example, drug smuggling to human smuggling (Basu 2013). Smuggling rings also employ operational flexibility to maintain levels of elusiveness from border control. Transnational smuggling typically involves multi-mode, multi-leg transportation shipments with various transport assets used for the smuggling operation. Drug smugglers have been quite agile in shifting their transportation routes when customs and border interdiction rates increased. Colombian cocaine traffickers traditionally smuggled contraband via Caribbean routes in the 1980s. As interdiction rates rose, Colombian smugglers shifted routes by using Mexico as a transshipment route to move drugs into the US. As the transport routings became more dynamic, the interchangeability of transport assets was enhanced for flexibility based on the modal characteristics of the smuggling operation. Professional smugglers either piggyback.

2.1.11 Border Posts and Checkpoints

A border post can be defined as the location where one country's authority over goods and persons ends and another country's authority begin." It is the location where a multitude of government agencies (i.e. Revenue Authority Customs; Immigration; Security Police; Ministry of Agriculture; Ministry of Health; Bureau of Standards, etc.) are involved in the various document and goods controls, the calculation and collection of duties and taxes, as well as immigration. The multiplicity of those agencies operating on both sides of the same border doubles the bureaucracy at border posts, which translates into congestion and delays (the waiting time for a container/truck to cross a border post in Africa can range from the Challenge of Informal Cross-border Trading(Barka,2012)

2.1.12 Disposal of seized contraband Goods

- A. Goods under customs control may be sold, transferred or disposed otherwise by the Authority.

- B. The Authority may immediately sell perishable goods and live animals seized. The proceeds of the sale shall be deposited until final judicial or administrative decision is given on the case
- C. The Authority may transfer goods having historical, archeological, cultural, artistic or scientific importance as well as goods intended for humanitarian purpose to appropriate government institutions
- D. Goods that may not be sold or used due to their being a threat to the safety of humans, animals or plants or due to other reasons prescribed by law shall be disposed otherwise by the Authority.
 - 1. Duties and taxes;
 - 2. Costs of the sale;
 - 3. Ware house charges; and
 - 4. Cost of transport
- E. Where no claim of the owner is submitted to the Authority within six months after the date of the sale, the remaining balance shall be transferred to the Government (customs proclamation, 859/2014).

2.1.13 Strategy to prevent contraband

Contraband prevention strategy involving a wide range of actors- government, regional and local administrators, and the community has been adopted recently. The government is working on a new strategy to curtail contraband. Based on this strategy the government has disbanded customs police, the former agent responsible to prevent contraband, and replaced it by the federal police as of July 2008. In addition to this, the government has amended customs and tax laws. This amendment has helped to streamline taxation procedure and to empower the federal police to prevent contraband. As it is believed that federal police can't carry the burden of preventing contraband alone, working with regional and local administrators, and the community has become necessary. Before involving in the activity of preventing contraband, both the administrators and their community are advised of the adverse effects of contraband and the need to stand against it. As a result of the active participation of them in fighting against contraband, the volume of contraband goods that enters for example into Diredawa via Shinile Zone has decreased. Other regional administrators have also reached an agreement to work with the

federal police so that contraband trade can decrease at a national level (Mohamed and Gizaw, 2017). Strategies that help to prevent contraband trade are:-

1. Educating the public

Public education and enlightenment is part of the strategy to prevent contraband. ERCA believes that the public should be made to have greater knowledge and understanding to the adverse effects of contraband trade. Many citizens in the Eastern and other parts of the country unknowingly aid and abet the smugglers. Therefore, providing abettors and potential smugglers with education is necessary to infuse in the hearts and minds of citizens the necessity for proper respect of customs law and to let them stand against contraband. To meet this objective ERCA established the Taxpayers Education and Communication Directorate with a staff who deal with collection, organization and dissemination of information to the general public. The directorate awakens people to the need to protect their own country from the disastrous effect of contraband.

The directorate educates the society about the proclamations, regulations, directives and operational systems of customs using various media as F.M. Addis 97.1, Ethiopian Radio and Television Agency. It has also begun posting information on customs website (www.erca.gov.et) to make it available for customs webpage readers throughout the world. Preparing a monthly newspaper, a number of brochures on various topics and distributing them to the public are the other medium the department has recently employed. To foster understanding between ERCA and its public, the Taxpayers Education and Communication Directorate sometimes writes articles both in Amharic and English versions for the daily Ethiopian News Papers (www.erca.gov.et/index.php/customs/others/101contraband).

2. Allowing border trade

The other approach connected with the strategy to prevent contraband is allowing border trade. By making border trade with the neighbouring countries: Somalia, Sudan, Kenya and Djibouti, the government has tried to collect taxes. The border trade has been carried out in accordance with the directives issued in 2000 and 2001 by the Ministry of Trade and Industries. The objectives of the border trade are to let the residents in the border area fulfil their demand for

consumption goods, to let them use border trade as a means of securing the necessities of life, to decrease the activities of contraband and to promote legal trade. By opening the door to border trade, the government anticipates some smugglers will abandon their vicious practice and turn into productive citizens of the country. Export items for border trade are typically consisted of pulse, livestock such as goats, sheep, camel and others. Import items are mainly food items, clothing that are usually dressed by the residents of border area (Global Initiative Market report, 2015).

3. Punishment as part of the strategy

Any person who is proven to be involved in contraband trade may receive various sorts of punishments. According to sub article 1 of article 92 stipulated in proclamation no.622/ 2009 any person who, in contravention of this proclamation or the other laws enforced by ERCA, including regulations and directives issued there under, imports or exports prohibited or restricted goods or without customs clearance or illegally imports dully exported goods, without prejudice to the forfeiture of the goods and equipments used in the commission of the offence and the proceeds thereof, be punishable with fine equivalent to the amount of the customs duties and taxes payable on the goods and with rigorous imprisonment from 7 to 15 years.

Any person who transports, stores, offers for sale or buys goods ought to have been aware of the illegality of their acquisition shall without prejudice to the forfeiture of the goods and equipments used in the commission of the offence and the proceeds thereof without affecting the right of third parties who transacted in good faith, be punishable with a fine equivalent to the amount of the customs duties and taxes payable on the goods and with rigorous imprisonment.

2. The Level of Cooperation among the Different Responsible Sectors

Clearly, the traditional role of custom focusing on revenue collection is changing and the mandate of Customs administrations has expanded. Although the objectives and priorities for controlling the cross-border movement of goods may differ from country-to-country, improving the level of cooperation among the different responsible sectors within country as well as outside a country is mandatory. As it is discussed in the literature, various disciplines have already

approached the concept of coordination. Chisholm (1989: 13) considers coordination as an attempt “to bring about some kind of order”.

2.2. EMPIRICAL RESEARCH STUDIES

Here, there are some studies related to the determinants of contraband trade in border and cross border trade in developed and developing countries of the world research and some literature recommendations of mechanisms for contraband reduction.

There has been huge amount of studies on the determinants of contraband trade. According to Basu, G (2014), maintaining the delicate balance between facilitating legitimate trade flows while concurrently deterring those that are illicit is a complex operational task. This study identifies and delves deeper into three of those challenges: the scale of complexity of physical transportation geography in border management, adaptive capabilities of concealment, evasion, structural and operational flexibility by professional smugglers, and institutional coordination problems which may arise in customs and border control management. Customs enforcement has very large impacts on illegal practices, but they are not always the consequences that the agencies would desire. Unintended consequences are endemic in this field, particularly when success undermines itself (Andreas, 2013, Yang, 2009), or provides the resources to corrupt the agents in charge of the enforcement efforts.

The best known, reason for illegal economies to survive is what call *market persistence*, that is cases where the continued demand for supply of a good or service create economic incentives that undermine state efforts to control the market .Persistence occurs despite efforts to eradicate the activity. The Prohibition of alcohol in the United States is one example, contraband drugs another (Woodiwiss, 1988).According to (Mishra *et al.* (2008) Key constraints include high transaction costs for monitoring and controlling decentralized portions of illegal networks, and the ways in which the high profits undermine control efforts, both through the ability to suborn control agents and the resources to purchase sophisticated technology to evade interdiction. Communication and transportation technologies are rapidly incorporated into contraband industries, particularly those that involve smuggling over national boundaries.

In van Schendel and Abraham’s *Illicit Flows and Criminal Things* (2005), they argue that need to resist “seeing like a state” and that the “problems associated with international crime show

how important it is to relativize the state as ‘just’ another form of modern political authority so as to avoid using the state’s own dominant categories for our analysis” (*ibidem*: 6).

According to Adisu k. (2018) finding also reveals that contraband undermines the government revenue, increases the tax burden on formal business operators and may remove them from official system in to informal nontax paying system. Moreover; it kills the need of the investments and innovations in the country, wipes out foreign currency that a country may earn from legal import export and creates unfair competition in the market

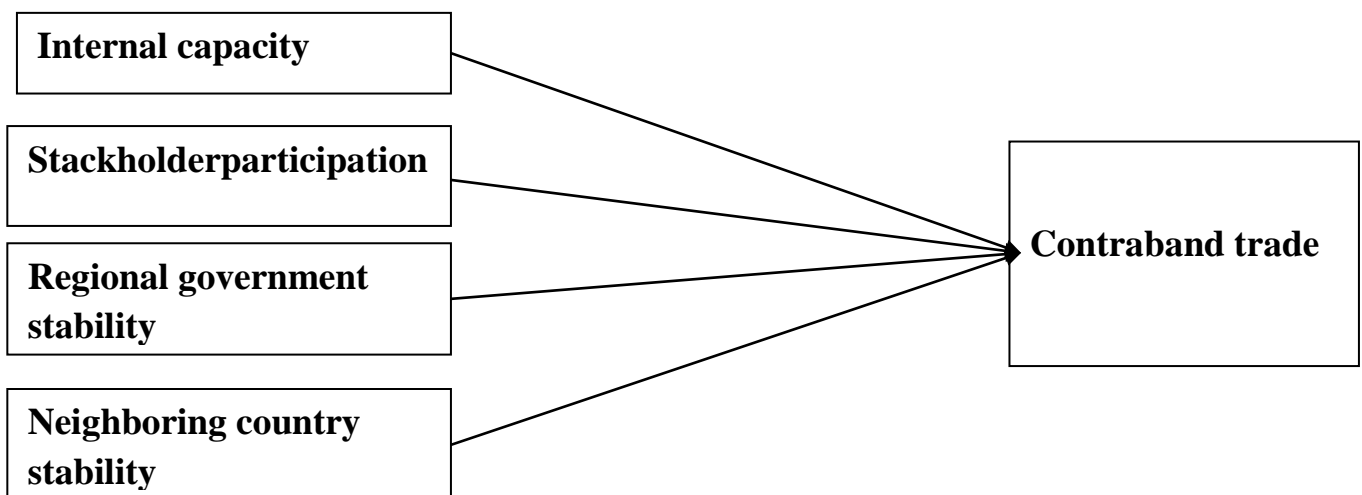
In summary, the majority of the contraband operators have no knowledge about the existence of their business outside government regulation. They are running it as a normal business like legal operators, but they did not have awareness about the illegality of their business and its effect on formal operators and other locally produced products and even innovations

2.3 Conceptual Framework

Miles and Huberman, 1994, defined a conceptual framework as a visual or written product, one that explains, either graphically or in narrative form, the main things to be studied the key factors, concepts, or variables and the presumed relationships among them.

Based on the examined literature, the following conceptual framework was developed for this study. The conceptual framework was developed consistent to show relationship between independent and dependent. The model outlines of revenue collection on contraband goods, determinants of in border contraband trade, Internal factors that hinder contraband prevention, determinants of cross border contraband trade, and Challenges of cooperation among responsible for, based on theoretical aspects and empirical studies reviewed, the conceptual framework of the study is developed shown as follows.

Figure 2.1: Conceptual framework



Source: Author generated from empirical studies reviewed 2018

CHAPTER THREE

3. RESEARCH METHODOLOGY AND DESIGN

3.1. Research design

The research designs used in the thesis are both descriptive and causal research. The research design that was employed include both quantitative and qualitative research design in order to generate the advantage of both approaches for different objectives and to obtain relevant and accurate information. A standard structured questionnaire and interview was administered to all the target respondents in order to study the challenges of contraband goods control practice.

3.2 Source and method of data collection

Both primary and secondary data were used in this study. The primary data was collected from employees who are working in custom control stations in the organization, management team of the organization, human resource department from Jimma, Gambela, Assosa, Gibe, Gedo, Lare, Metahar, Kurimuk and Geizen through questionnaire and interview. Secondary data was collected from various secondary data sources. These sources includes journal articles, manuals from ERCA, books, newsletters, The five year sized contraband goods report was used (from 2013-2017)of law and enforcement working process, internet, and company's website and company brushers.

Primary data were obtained through a questionnaire-based survey method that were largely pre-coded, (Colin F. 2007) and well structured, designed and previously pre-tested questionnaire; and observation during the survey and face to face interviews are prepared for collecting data from managements and law and enforcement department of the organization. The secondary data were collected from journals, printed documents and manual of the organization. A structured questionnaire and interview was administered to all the target respondents in order to analyze the challenges of contraband goods controlling system of organization.

The quantitative method was used in this study to obtain relevant and accurate information. A standard structured questionnaire was administered to all the target respondents in order to

examine the challenges of contraband controlling practice of the Ethiopian revenue and customs authority south western Ethiopia.

3.3. Sampling methods and Sample size

In order to make the research more reliable the research was done by using census of 94 employees those who are providing custom service and controlling contraband trades in Jimma branch to accomplish the research objectives.

The target populations were census of 94 employees those who are working in custom work in process departments so, no need of select sample. Therefore, the census method was used to administer the questionnaires to all 94 employees ERCA Jimma Branch and its sub branches of custom stations.

3.4. Method of data analysis and presentation

The data were first collected and coded in order to make easy for further analysis. The coded data was captured on computer and the captured data was analyzed using different statistical methods by means of Statistical Package for the Social Science (SPSS) version 20 for windows. From the different types of data analysis techniques, for the purpose of this thesis descriptive and quantitative analysis and a number of tools were employed. The statistical methods that were used under this study include Cronbach's alpha reliability test, multiple linear regressions is a method of estimating or predicting a value on some dependent variable given the values of one or more independent variables. Like correlations, statistical regression examines the association or relationship between variables. In these study multiple linear regressions was employed. According to Phyllis and his associates (2007), inferences have a very important in management research. This is so because conclusions are normally established on the bases of results. According to Duncan C. and Dennis H (2004), correlation coefficient can range from -1 to +1. The value of -1 represents a perfect negative correlation while a value of +1 represents a perfect positive correlation. A value of 0 correlations represents no relationship. In this study the Pearson's product moment correlation coefficient was used to determine the relationship between organizational climate and job satisfaction

3.5. Model Specification and Study Variables

The equation of multiple linear regression on this study were generally build around two sets of variables, namely dependent variable (Contraband trade) and independent variables(internal capacity, stack holder participation, regional government stability and neighboring country stability). The basic objective of using multiple linear regression equation on this study was to make the study more effective at describing, understanding and predicting the stated variables.

$$Y = \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + u$$

Where: Y is the outcome or dependent variable Contraband trade

X1= Internal capacity, X2= Stack holder participation, X3= Regional government stability, X4= Neighboring country stability and u = standard error..

$\beta_1, \beta_2, \beta_3, \beta_4$ are the coefficients associated with each independent variable which measures the change in the mean value of Y, per unit change in their respective independent variables.

3.6. Data collection Instrument

In each questionnaire, Likert-type scales and multiple choices was developed by utilizing the item analysis approach wherein a particular item was evaluated on the basis of how well it discriminates between those persons whose total score is high and those whose score is low. The respondent indicated his/her agreement or disagreement with each statement in the instrument.

The overall score represents the respondent's position on the continuum of favorable/unfavorable towards an issue. In a Likert scale, a respondent was asked to respond to each of the statements in terms of several degrees, usually five degrees of agreement or disagreement. Respondents responded in any one of the following ways: (1) Strongly Disagree, (2) Disagree, (3) Neutral, (4) Agree and (5) strongly Agree or (1) Poor, (2) Fair, (3) Good, (4) Very good and (5) Excellent. The procedure followed for developing a Likert-type scale is as follows:

- i. As a first step, the researcher collected a large number of statements which are relevant to the issue being studied and each of the statements expresses definite favorableness or unfavorableness to a particular point of view.
- ii. After the statements have been gathered, **a pilot survey was administered** to a number of subjects.

- iii. The response to various statements was scored in such a way that a response indicative of the most favorable attitude was given the highest score of 5 and that with the most unfavorable attitude was given the lowest score, say, of 1.
- iv. And multiple choice question how well it discriminates between those persons whose total score is high and those whose score is low. The respondent indicated his/her agreement or disagreement with each question in terms of several degrees four or five degrees of the question responds 1up to4 or 1up to5 as given choice. The most favorable attitude was the highest score one and that with the most unfavorable attitude was given the lowest score.
- v. Then the total score of each respondent was obtained by adding the scores that he/she received for separate statements. In interview part top manager's staffs are asked concerning challenges ERCA faced south west region to control contraband trade by **using structured interview.**

3.7. Validity and reliability of instruments

Reliability deals with internal consistency. Internal consistency measures consistency within the instrument and questions how well a set of items measures a particular behavior or characteristic within the test. For a test to be internally consistent, estimates of reliability were based on the average inter-item correlations among all the single items within a test. The most popular method of test for internal consistency in the behavioral sciences is coefficient alpha. Coefficient alpha was popularized by Cronbach's (1951). Criteria for assessment: ≥ 0.70 = adequate reliability for group comparisons, and ≥ 0.90 = adequate reliability for individual monitoring.

Accordingly, the internal consistencies of variables as measured by alpha were described in the following summarized table.

Table 3.1: Reliability Statistics of all the categories

Item	Cronbach's Alpha	Common Inter-Item correlation	N of Items
Contraband trade	0.843	.667	4
Internal capacity	0.898	.636	6
Stack holders participation	0.701	.425	9
Regional government stability	0.881	.533	6
Neighboring country stability	0.931	.516	5

In the first case seen from the table the Cronbach's Alpha of the existence of increase in contraband trade in the organization is 0.843 which is higher than 0.70 showing the greater reliability of the category. As shown in the above table the Cronbach's Alpha of increase internal factors that hinder contraband prevention, increase in challenges of custom cooperation among responsible Sectors, increase in challenges of in border contraband trade control practice and increase in challenges of cross border contraband trade control practice in ERCA Jimma branch is 0.898, 0.701, 0.881 and 0.931 respectively which have the values of greater than 0.70 that shows their reliability is higher.

The researcher hereby confirms that the research guidelines for the questionnaires distribution with reference to privacy, informed consent, anonymity, special consideration and confidentiality were practiced.

Thereafter, all collected input data were feed into SPSS version 20 software to analyze and produce output data.

CHAPTER FOUR

4. RESULT AND DISCUSSION

4.1. Overview

The Ethiopian Revenues and Customs Authority (ERCA) is the body responsible for collecting revenue from Customs duties and domestic taxes. In addition to raising revenue, ERCA is responsible to protect the society from adverse effects of contraband trade. It seizes and takes legal action on the people and vehicles involved in the act of smuggling while it facilitates the legitimate movement of goods and people across the border and within the country.

The aim of this study was to examine the challenges of cross boarder and in border contraband goods control practice in Ethiopia Revenue and custom authority in south west Ethiopia. To arrive at these aims extensive literature reviews were incorporated in the study and theoretical framework model were developed. Supplementary, Likert scaled and multiple choice questionnaires for primary data collection related to variables will prepared. Accordingly, respondents' related characteristics include 4 characteristics such as Gender, Age, Education level, and work experience.

This study made Ethiopian Revenues and Customs Authority Jimma Branch, Gambela, Assossa, Gibe and Gedo custom stations as a subject matter to examine the challenges of contraband goods control practice. To achieve this study descriptive and inferential statistics method of analysis will applied to reach a conclusion.

The designed questionnaires were distributed to 94 employees. All respondents returned the filled questionnaires constituting 100%. Out of 94 respondents 80.9% constitutes male and 19.1% was female.

4.2. Over all pictures of seized Contraband Goods at Jimma Customs Station

Before, go to the analysis of the research questions it is better to assess the overall pictures and trends of seized contraband goods at Jimma customs station office. Accordingly, table 4.1 and figure 2 below shows the data seized contraband goods flow in to our country and exit from our country and contraband trends respectively.

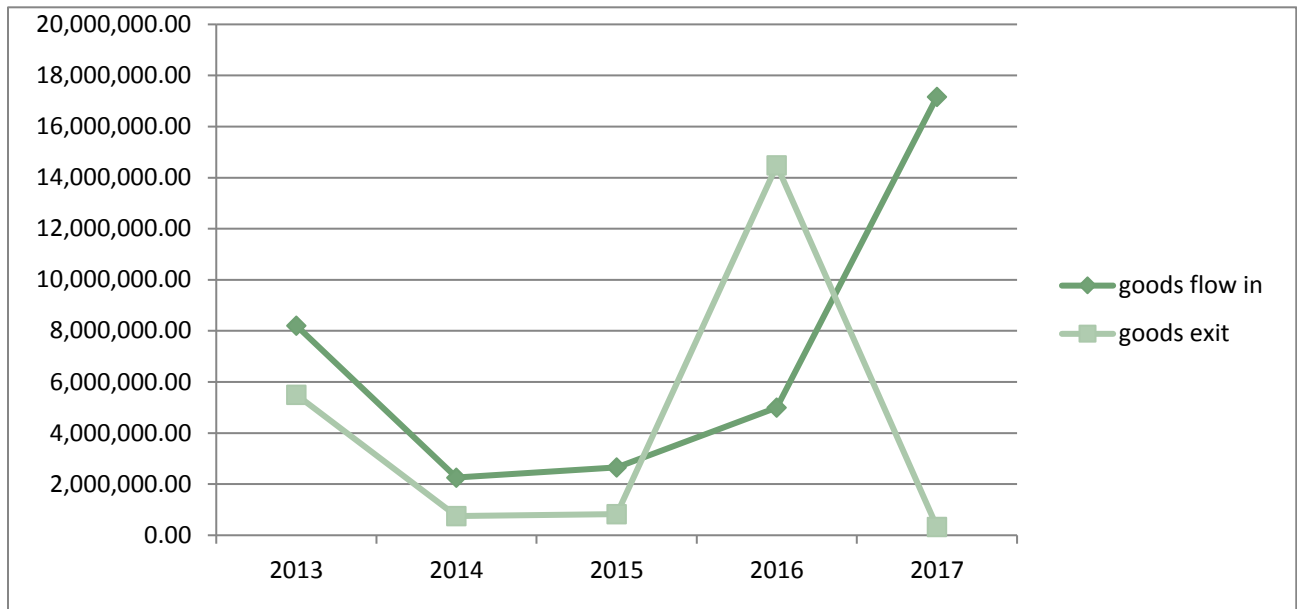
Table 4.1 Estimated price of seized contraband goods from year 2013-2017 reports

No	Year	Estimated price of seized contraband goods flow in south west Ethiopia	Estimated price of seized contraband goods exit through south west Ethiopia	Total
1	2013	8,205,687.65	5,498,185.93	13,703,873.58
2	2014	2,261,530.61	753,960.56	3,015,491.17
3	2015	2,651,016.84	830,458.56	3,481,475.40
4	2016	4,997,754	14,478,461	19,476,215
5	2017	17,164,089.06	323,202.10	17,652,776.16

Source: annual reports Jimma customs station office (2013-2017)

The table 4.1, above shows the estimated price of contraband goods flow in to our country and exit from our country seized by ERCA Jimma branch office in different years from 2013-2017. The report also indicates that the main contraband goods imported through Jimma custom station to our country are used and new textile products, cosmetics, food items, electronics, tobacco, precious metals as Gold and Merikury (annual report 2013 - 2017) Jimma customs station office and some of the contraband items that exit to Sudan through Jimma custom station include food items, coffee, different animals and animals skin, tobacco and Textile products as clothes.

Figure 4.1 trend of seized contraband goods from 2013-2017 at Jimma custom station.



Generally contraband goods that seized when imported and exported illegally is not constantly decreased. This indicates that the existence of unsolved challenges in contraband prevention at jimma customs station office.

4.3 The challenges ERCA faced south west region to control contraband trade

According to the information given from the management of the organization the concerned government bodies like federal police, regional government illegal trade controllers and ERCA check point controllers have their benefit based relationship with contraband traders make ERCA Jimma branch fail an operation to catch up contrabandists is major challenge.

The second challenges existed in south west Ethiopia custom branch is geographical factor that the branch office covers the large area Four zones such as Jimma, Welega, IllubAbabora, Mizane and Boniga and two regions such Gambela and Assosa including border kelas are broader areas are difficult to control illicit trade performed in the region. On the other hand the custom officials interact in different ways in the contrabandists, this interaction may expose for corruption both employees and managers are obstacles of contraband controlling in ERCA Jimma branch. Lastly, the contrabandist passes contraband goods from kelas or check points by public transport and

ambulance by distributing the goods to travelers by means of personal consumption purpose and accidently patient persons respectively.

4.4 Demographic analysis of Employees of Jimma branch

Respondents' demographic factors were analyzed using descriptive frequency table showing valid frequencies and percentages as pointed out below:

Table 4.2: Demographic characteristics of respondent

Respondents' characteristics		N	Valid Percent	Cumulative Percent
1. Age	18-25 years	32	34	34
	26-35 years	42	44.7	78.7
	36-45 years	14	14.9	93.6
	46-55 years	6	6.4	100
	Total	94	100	
2. Gender	Female	18	19.1	100
	Male	76	80.9	80.9
	Total	94	100	
3. Education level	10+2	8	8.5	8.5
	Diploma	16	17	25.5
	Bsc degree	70	74.5	100
	Total	94	100	
4. Experience	0-2	22	23.4	23.4
	2-4	52	55.3	78.7
	4-5	10	10.6	89.4
	>5	10	10.6	100
	Total	94	100	

Source: Author generated from questioner2010

The above table indicates that all of 94 respondents, 32 employees who account 34% of the respondents are in the age of between 18-25 years whereas 42 employees which accounts 44.7% of the respondents are in the age of between 26-35 years and 14 employees which accounts of 14.9% are in the age between 36-45 years while the rest which are 6 employees which constitutes of 6% are in the age between 46-55 years.

From 94 total respondent employees 76 respondents are male consisting 80.9% of the total population and the rest 18 of the respondents are females consisting of 19.1% of the total respondents. This shows that most of the employees are males can resist desert and challenges to control contraband at border.

From the table 22 of the respondent employees have an experience of less than 2years which accounts of 23.4% of the total respondents. 52 employees have the experience of greater than or equal 2 years but less than 4years, this account for 55% of the total respondents. 10 respondents have an experience greater than or equal to 4years but less than 5years consisting 10.6%. Only10 respondent employees have an experience of greater than or equal to 5 years consisting of 10.6% of the total respondents. Therefore majorities of the respondents have better experience on custom helps ERCA to control contraband by understand custom rules..

According to the above table, 8 of the respondent employees have a qualification of 10+2 which counts8.5% of the total respondents.16 employees have a qualification of Diploma consisting around 17% of the total respondents and 70 of the employee respondents have a qualification of BA/BSc which accounts of 74.5% of the total respondents and None of employees have a qualification of MA/MSc helps to ERCA to reduce illegal trade by efficient work.

4.5 Stastical Analysis

As highlighted above, all collected input data were feed into SPSS version 20 software to analyze and generate output data. Each variable were then analyzed. Analyses were categorized in to five parts.

Part one deals with descriptive analysis; Part two deals with multi colinarity and normality regression test ,Part three the extent to which variables are related; Part four deals with

hypothesis testing, and part five deals with the analysis of impact relationships aligned with interpretations.

4.6. Descriptive Analysis responses of Employees

Descriptive of each questionnaires responded by respondents were analyzed using descriptive frequency table showing valid frequencies and percentages as pointed out below:

4.6.1. Descriptive analysis of responses of Employees on contraband

Table 4.3: Responses of Employees on contraband

S N	Item	SD(1)	D(2)	N(3)	A(4)	SA(5)
		%	%	%	%	%
1	The revenue collected from contraband trade increased from time to time	22.3	13.8	3.2	43.6	17.1
2	The rent seeking or corruption behavior increase contraband trade in south west Ethiopia	8.5	13.8	5.3	38.3	34
3	Challenges of in border and cross border trade increase contraband	6.4	9.6	7.4	41.5	35.1
4	ERCA Poor Custom cooperation with security body and local trader increase contraband	17	14.9	4.3	41.5	22.3

Source: Author generated from questionnaires 2010

As can be viewed from the above table 60.7% of the total employee respondents agree that the revenue collected from contraband trade increased from time to time; whereas 36.1% of the total employee respondents of the employee respondents disagreed on the issue. While 3.2% of the total employee respondents stayed neutral.

72.4% of the total employee respondents agree that the rent seeking or corruption behavior increase contraband trade in south west Ethiopia, whereas 22.3% of the total employee respondents of the employee respondents disagreed on the issue. While 5.3% of the total employee respondents stayed neutral.

76.6% of the total employee respondents agreed that Challenges of in border and cross border trade increase contraband in the region; whereas 16% of the total employee respondents of the

employee respondents disagreed on the issue. While 7.4% of the total employee respondents of the employee stayed neutral.

63.8% of the total employee respondents agreed that the poor Custom cooperation with security body and local trader increase contraband; whereas 31.9% of the total employee respondents of the employee respondents disagreed on the issue While 4.3% of the total employee respondents stayed neutral. .

4.6.2 Descriptive analysis of responses of Employees on the internal capacity that hindered contraband prevention in Jimma customs station

Table 4.4: Responses of Employees on internal factors

S. N	Item	SD(1)	D(2)	N(3)	A(4)	SA(5)
		%	%	%	%	%
1	There is enough checkpoints or kelas to control all cross border activities	21.3	54.3	5.3	11.7	7.4
2	Contraband control team is adequate enough to control contraband	27.7	61.7	3.2	5.3	1.1
3	There is competent knowledge and skill with control unit to control contraband activities	18.1	54.3	2.1	22.3	3.2
4	Modern technological instruments like cargo scanning machines is applied in controlling contraband activities improved	10.6	42.6	2.1	28.7	1:6
5	Good physical working conditions are provided in checkpoints	27.7	54.3	4.3	10.5	3.2
6	There is experience share on how to control challenges of contraband goods	22.3	47.9	3.2	13.8	12.8

Source: Author generated from questionnaires 2010

19.1% the employee respondents know that there are enough checkpoints or kelas to control all cross border activities and 5.3% of the total employee respondents stayed neutral. While 75.6% of the employee respondents disagreed on the issue.

6.6% of the employee respondents know that Contraband control team is adequate enough to control contraband and 3.2% of the total employee respondents stayed neutral. While 89.4% of the employee respondents disagreed on the issue.

25.5% of the employee respondents know that there is competent knowledge and skill with to control contraband activities and 72% disagreed. 2.1% of the total employee respondents stayed neutral.

44.7% of the employee respondents know that modern technological instruments like cargo scanning machines is applied in controlling contraband activities improved and 53.2% of respondents disagreed. While 2.1% of the total employee respondents stayed neutral.

13.7% of the total employee respondents know that good physical working conditions are provided in checkpoints. 82% of the employee respondents disagreed on the issue. While 4.3% of the total employee respondents stayed neutral

26.6% of the employee respondents know that there is experience share on how to control challenges of contraband goods and 70.2% of the total employee respondents disagreed. While 3.2% of the total employee respondents stayed neutral.

4.6.3 Descriptive analysis of responses of Employees on stack holders participation in Jimma customs station

Table 4.5: Responses of Employees on stack holders' participation

S.N	Item	The extent of perception	Custom profession with Federal police	Custom profession with other government employees	Custom profession with local traders
			%	%	%
1.	Stack holders have good communication with ERCA on information exchange to control contraband goods	Poor(1)	54.3	29.8	36.2
		Fair(2)	29.8	52.1	48.9
		Good(3)	5.3	6.4	8.5
		very good(4)	7.4	9.6	4.3
		Excellent (5)	3.2	2.1	2.1
		Total	100.0	100.0	100.0
2.	The participation responsible sectors and custom profession on criminal investigation is effective	Poor(1)	67.0	47.9	41.5
		Fair(2)	19.1	44.7	53.2
		Good(3)	8.5	5.3	5.3
		very good(4)	1.1	2.1	-
		Excellent (5)	4.3	-	-
		Total	100.0	100.0	100.0
3.	Responsible sectors and custom professions participation on joint operation is good and effective to control contraband goods movement	Poor(1)	64.9	66.0	66.0
		Fair(2)	22.3	24.5	30.9
		Good(3)	7.4	4.3	2.1
		very good(4)	3.2	3.2	1.1
		Excellent (5)	2.1	2.1	-
		Total	100.0	100	100.0

To assess the level of partnership among Jimma customs office and federal police accordingly as it is indicated on the above table 7.4%, 5.3% and 3.2% of respondent employees of ERCA put their view on the statement that the level of participation and communication as very good, good, excellent respectively and only 54.3%, 29.8% of the employees replied as poor and fair on that issue respectively. Regarding the level of partnership on criminal investigation, 8.5%, 4.3% and 1.1% of respondents of customs employees put their view as good, excellent and very good, respectively and 67% ,19.1% of them replied as poor and fair respectively.

Finally, on the statement that the level of participation on joint operation 7.4%,3.2% and 2.1% of respondent from custom employees put their comment as good very good and excellent respectively and 64.9%, 22.3% of them replied as poor and fair..

Jimma customs office and other government employees accordingly as it is indicated on the above table 9.6%, 6.4% and 2.1% of respondents' employees of ERCA put their view on the statement that the level of participation and communication as very good, good and excellent respectively and only52.1%, 29.8% the employees replied as fair and on poor that issue respectively. Regarding the level of partnership on criminal investigation, 5.3% and 2.1% of respondents of customs employees put their view as good, very good respectably and47.9% ,44.7% of them replied as poor and fair respectively.

Finally, on the statement that the level of participation on joint operation 4.3%,3.2% and 2.1%of respondant from custom employees put their comment as good, very good and excellent respectively and 66% ,24.5% of them replied as poor and fair.

From the total 94 respondents customs professions 8.5%,4.3% and 2.1% of respondents employees of ERCA put their view on the statement that the level of participation and communication as- good ,very good, excellent respectively. Whereas 48.9%, 36.2%, of the employees replied as fair and poor on that issue respectively. Regarding the level of partnership on criminal investigation, 5.3% of respondents of customs employees put their view as good and 53.2%, 41.5% of them replied as fair and poor respectively.

Finally, on the statement that the level of participation on joint operation 2.1%,1.1% of respondents from custom employees put their comment as good, very good respectively and , 66% ,30.9% of them replied as poor and fair. All employees agreed that in Jimma customs

station relatively has poor custom cooperation with federal police and government employees but it has relatively fair cooperation with local traders' on contraband trade prevention.

4.6.4. Descriptive analysis of responses of Employees on the challenges of in border contraband prevention in Jimma customs station

Table 4.6.1: Responses of Employees on challenges of in border contraband prevention

S.N	Item	SD(1)	D(2)	N(3)	A(4)	SA(5)
		%	%	%	%	%
1	regional governments illegal trade controllers have good contribution to ERCA to control in border contraband goods	30.9	36.2	1.1	22.3	8.5
2	There is conflict between regional and federal government to sized contraband goods	25.5	31.9	1.1	34	7.4
3	Controlling in border contraband goods movement is difficult for custom professions due to regional government influence	19.1	18.1	-	43.3	19.1
4	The contrabandists pass contraband goods from kela with public transport by distributing to travelers as consumption purpose	13.8	14.9	2.1	59.6	9.6

Source: Author generated from questionnaires 2010

67.1% of the employees of respondent dis agree on the issue.30.8% the employee respondents know that the regional government illegal trade controllers have good contribution to ERCA to control in border contraband goods. While 1.1% of the total employee respondents stayed neutral. 57.4% the employee respondents dis agree on the issue. 41.5% of the employee respondents know that there is conflict between regional and federal governments to seized contraband goods. While 1.1% of the total employee respondents stayed neutral.

62.8% of the employee respondents know that Controlling in border contraband goods movement is difficult for custom professions due to regional government influence and 37.2% the total employee respondents disagreed on the issue.

69.2% of the employee respondents know that the contrabandists pass contraband goods from kela with public transport illegally by distributing goods to travelers as consumption purpose and 28.7% of respondents disagreed. While 2.1% of the total employee respondents stayed neutral.

Generally in the above table implies that regional government illegal trade controllers, conflict between regional and federal government to sized contraband goods as all respondents has least challenging factors whereas regional government influence and contraband passed kela illegally are the challenging factors of in border contraband trade controlling system.

Table 4.6.2: Responses of Employees on common in border contraband commodity

S.N	Item	Coffee (1)	Lumber products(2)	animals skins(3)	Fire arm(4)
		%	%	%	%
1.	The most common in border contraband commodities	67	10.6	2.1	20.2

Source: Author generated from questionnaires 2010

67% of the employee respondents know that Coffee is most common in border contraband commodities and 20.2% of respondent's Fire arm is the second largest contraband commodities whereas 10.6% of the respondents agreed Lumber products traveled illicit good. While 2.1% of the total employee respondents know that animals and skins is traveled illegally in border area.

Table 4.6.3: Responses of Employees on challenges of in border contraband prevention

SN	Item	Lack of stability of Oromia and Gambella regions (1)	Lack of awareness of local traders (2)	The network of experienced contrabandist (3)	The rent seeking behavior of employees and Leaders (4)
		%	%	%	%
1.	The most challenging factors to control in border contraband goods movement	77.7	9.6	5.3	7.4

Source: Author generated from questionnaires 2010

77.7% of the employee respondents know that Lack of stability of Oromia, Benishangul gumize and Gambela regions are the most challenging factors to control in border contraband goods movement 9.6% of respondent's agreed that Lack of awareness of local traders is affecting to control in border contraband goods whereas 7.4% of the respondents agreed that rent seeking behavior of employees and Leaders is another challenging factors to control in border contraband trade. 5.3% of the total employee respondents know that the network of experienced contrabandist is the list challenging factors of in border contraband trade controlling system.

4.6.4 Descriptive analysis of responses of Employees on the challenges of cross border contraband prevention in Jimma customs station

Table 4.7: Responses of Employees on challenges of cross border contraband prevention

SN	Item	SD(1)	D(2)	N(3)	A(4)	SA(5)
		%	%	%	%	%
1	The political instability of south Sudan is big challenge to Control cross border contraband goods movement south west Ethiopia	23.4	5.3	4.3	57.4	9.6
2	Lack of formal trade agreement with south Sudan makes contraband controlling system difficult at cross border area	39.4	6.4	2.1	43.6	8.5
3	The presence of armed groups in the border has influence on prevention of contraband goods	36.2	5.3	-	54.3	4.3
4	Lack of sufficient security personal in the border affects cross border contraband goods controlling system	25.5	12.8	6.4	48.9	6.4

Source: Author generated from questionnaires 2010

As can be viewed from the above table 67% of the total employee respondents agree that the political instability of south Sudan is big challenge to Control cross border contraband goods movement south west Ethiopia and 28.7% of the total employee respondents of the employee respondents disagreed on the issue. While 4.3% of the total employee respondents stayed neutral.

52.1% of the total employee respondents agree that Lack of formal trade agreement with south Sudan makes contraband controlling system difficult at cross border area, whereas 45.8% of the total employee respondents of the employee respondents disagreed on the issue. While 2.1% of the total employee respondents stayed neutral.

58.6% of the total employee respondents agreed that the presence of armed groups in the border has influence on prevention of contraband goods. While 41.5% of the total employee respondents of the employee respondents disagreed on the issue.

55.3% of the total employee respondents agreed that the Lack of sufficient security personal in the border affects cross border contraband goods controlling system; whereas 38.3% of the total

employee respondents of the employee respondents disagreed on the issue While 6.4% of the total employee respondents stayed neutral.

As the employee respondents that all factors are challenging of cross border contraband trade prevention.

Table 4.7.1: Responses of Employees on common cross border contraband goods

SN	Item	coffee (1)	fire arms (2)	animals and skin (3)	Electronic s(4)	used and new clothes (5)
		%	%	%	%	%
1.	The most common cross border contraband commodities	9.6	12.8	6.4	31.9	39.4

Source: Author generated from questionnaires 2010

39.4% of the employee respondents know that used and new clothes is the most common cross border contraband commodities and 31.9% of respondents Electronics is the second largest contraband commodities whereas 12.8% of the respondents agreed fire arms is cross border commodity, while 9.6% of the respondents agreed coffee cross border commodity and 6.4% of the respondents agreed animals and skin the least cross border commodity.

4.6.7 Descriptive analysis of responses of Employees on factors use for reducing contraband trade

Table 4.8: Responses of Employees on factors use to reduce contraband trade

SN	Item	Increase number of kelas (1)	Punishment contrabandist(2)	Educating contrabandist (3)
1	Factors used to reduce contraband trade	%	%	%
		27.70	18.10	54.30

Source: Author generated from questionnaires 2010

54.3% of the total employee respondents agree that Educating contraband traders is minimizing illicit trade; whereas 27.7% respondents agreed that Increase number of kelas reduces contraband trade; While 18.1% of the total employees respondents knows that Punishment

contraband trader help the contrabandist to know badness of illegal trade can reduce contraband trade.

4.7. Regression Analysis

4.7.1 Assumptions of Multiple Linear Regression

Multiple Linear Regression allows a more sophisticated exploration of the interrelationship among a set of variables. It can be used to address a variety of research questions and indicate how well a set of variables is able to predict a particular outcome (Pallant,2005). In the context of this study, the researcher employed the standard multiple linear regression. In standard multiple regression, all independent variables are entered into the regression equation at once.

The assumptions of MR tested with SPSS and identified as primary concern in this research include; sample size, multicollinearity,normality, linearity and homoscedasticity. Detailed definitions, descriptions and interpretations of these assumptions can be discussed below.

1. Sample size

A sample must represent well the characteristics of the population. With small sample size, one may obtain a result that does not generalize to the target population. If results do not generalize to other samples, then they are of little scientific value. Most researchers tend to use Tabachnick and Fidel, (2007) formula for calculating sample size requirements for multiple regressions. These authors took into account the number of independent variables that researchers wish to use: $N > 50 + 8m$ (where N = sample size and m = number of independent variables). In the case of this study, the number of independent variables is 5 and sample size is 94. Substituting these values into the formula, we have; $94 > 90$. Hence, the assumption on sample size requirements for multiple regressions was met by the researcher before analyses.

2. Multicollinearity Test

Collinearity (also called multicollinearity) refers to the assumption that the independent variables are uncorrelated (Darlington, 1968; Keith, 2006). The researcher is able to interpret regression coefficients as the effects of the independent variables on the dependent variable when co linearity is low (Keith, 2006). This means that we can make inferences about the causes and effects of variables reliably. Multicollinearity occurs when several independent variables

correlate at high levels with one another, or when one independent variable is a near linear combination of other independent variables (Keith, 2006). Tolerance levels for correlations range from zero (no independence) to one (completely independent) (Keith, 2006). The VIF is an index of the tolerance. When a predictor variable has a strong linear association with other predictor variables, the associated VIF is large and is evidence of multicollinearity (Shieh, 2010). The rule of thumb for a large VIF value is ten (Keith, 2006; Shieh, 2010). Small values for tolerance and large VIF values show the presence of multicollinearity (Keith, 2006). Based on the above assumptions the researcher performed multicollinearity test to check the dependency of predictor variables with one another and the fitness of the model. As indicated in the table below, there is no existence of multicollinearity problem among the explanatory variables as tolerance values are greater than 0.1 and VIF values less than 10.

Table 4.9 Colinarity Statistics

Model		Co linearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Internal capacity (IC)	.289	3.463
	Stack holders participation(sp)	.914	1.094
	Neighboring country stability(NCS)	.286	3.498
	Regional gov't stability(RGS)	.336	2.976

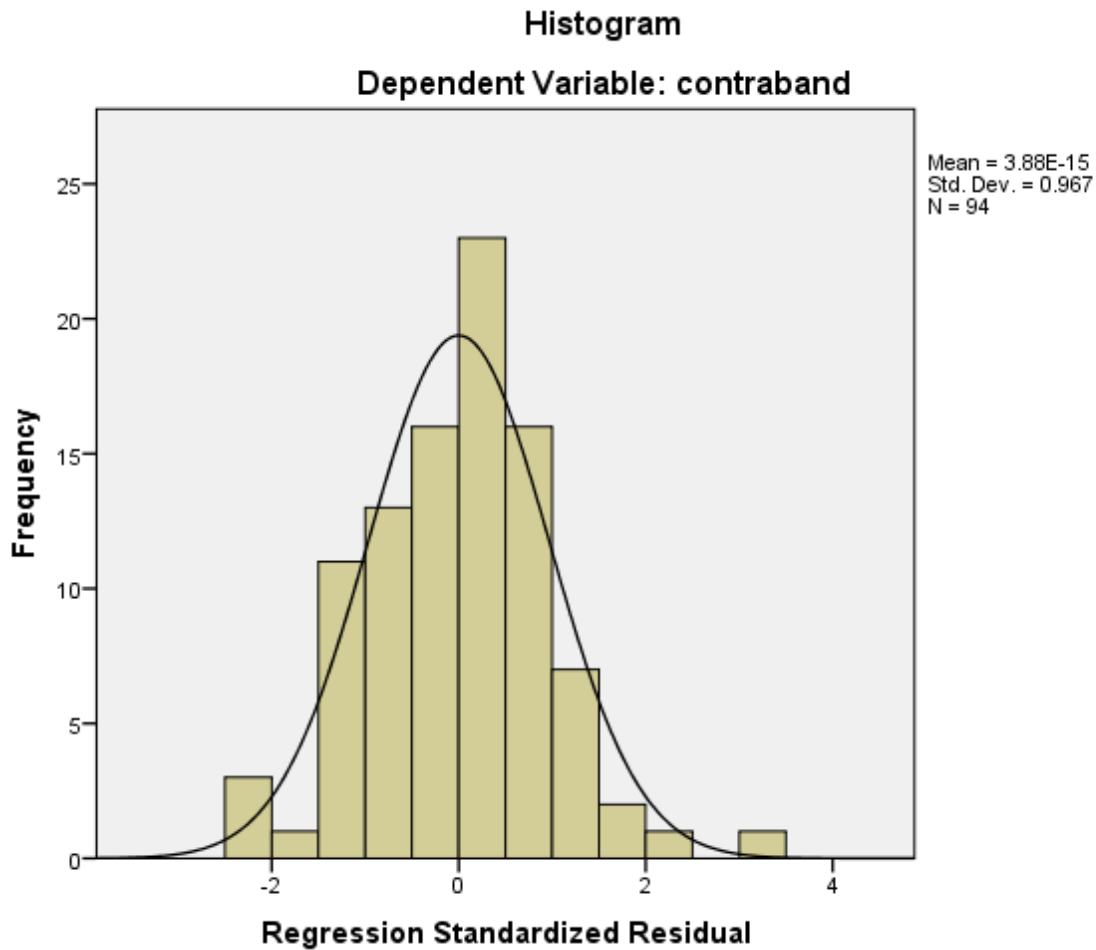
Source: spss survey result 2010

3. Normality

Normality refers to the normal distributions of the residuals about the predicted dependent variable scores. This assumption is based on the shape of normal distribution and gives the researcher knowledge about what values to expect (Keith, 2006). Normality tests are used to determine whether a data set is well-modeled by a normal distribution or not, or to compute how likely an underlying random variable is to be normally distributed (Gujarati, 2009). Normality can be checked through histograms of the standardized residuals (Stevens, 2009). Histograms are

bar graphs of the residuals with a superimposed normal curve that show distribution. As depicted in the figure below; which is an example of a histogram with a normal distribution from the SPSS software, there is no normality problem on the data used for this study.

Figure 4.2 Histogram

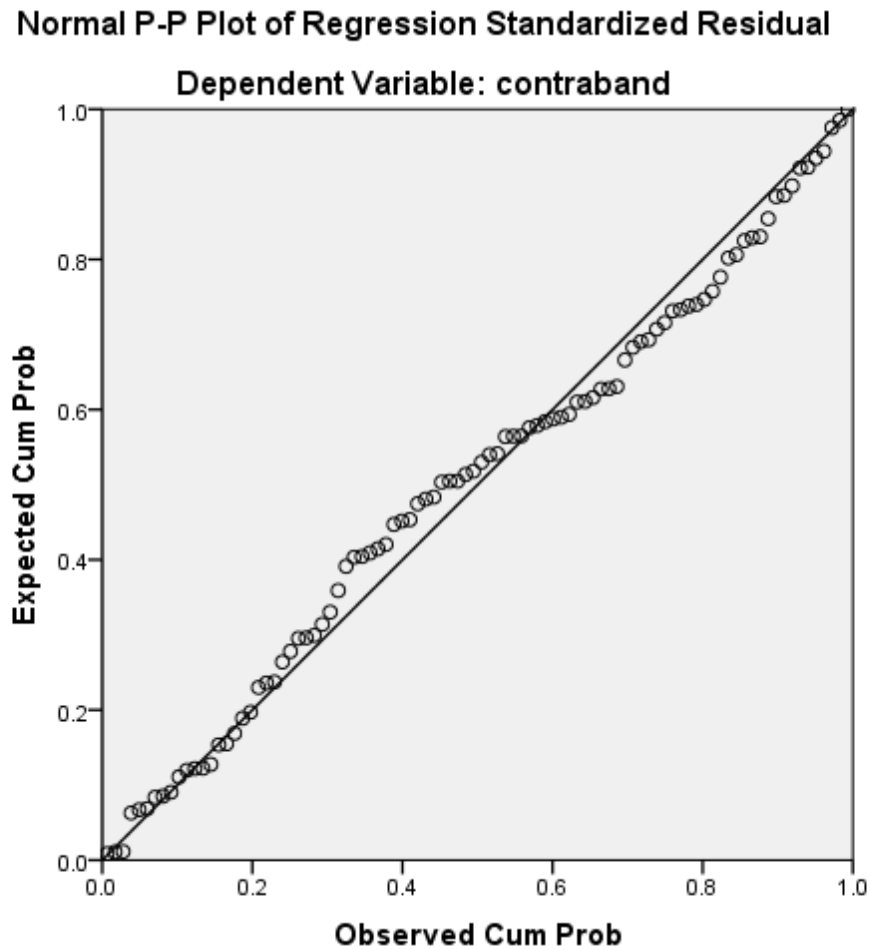


4. Linearity

Linearity has the residuals should having a straight-line relationship with predicted dependent variable scores. It describes the dependent variable as a linear function of the predictor variables. Multiple regressions can accurately estimate the relationship between dependent and independent variables when the relationship is linear in nature. If the relationship between the dependent and independent variables is not linear, the results of the regression analysis will under- or over-estimate the true relationship of the variables (Osborne & Waters, 2002). According to Stevens

(2009), linearity can be best checked by normal p-plot residual. As shown in the figure below, the relationship between the dependent and independent variables is linear. Hence, there was no linearity problems on the data used for this study.

Figure 4.3 Normal P-P Plots

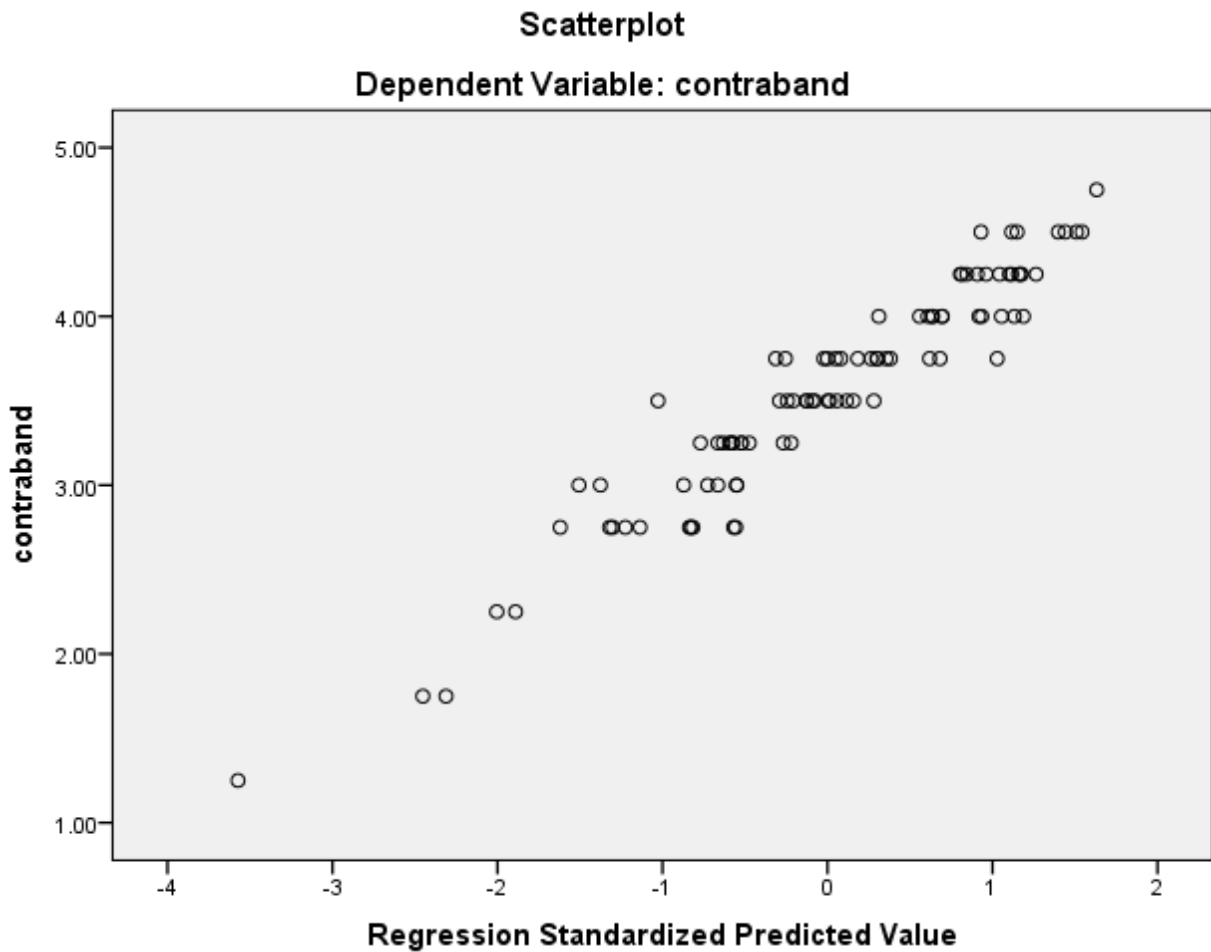


5. Homoscedasticity

The assumption of homoscedasticity refers to equal variance of errors across all levels of the independent variables (Osborne & Waters, 2002). This means that researchers assume that errors are spread out consistently between the variables. Statistical software scatter plots of residuals with independent variables are the method for examining this assumption (Keith, 2006). Ideally, residuals are randomly scattered around zero providing even distribution (Osborne & Waters, 2002). To check this assumption scatter plot was generated for the model. As shown in the figure

below, the error variance is constant since most scattered plot attributes are around zero and near to the horizontal line. Therefore, there is no violation of homoscedasticity assumption in this study.

Figure 4.4: Scatter plot



4.8. Correlation Analysis

Correlation basically refers to statistically exploring whether the values of one variable increase or decrease systematically with the values of another. As discussed in the first chapter and in literature review the main objective of the study is to show the existing correlation between challenges of contraband trade and contraband goods control practiced, this test is done by using Bivariate Correlation Analysis (two-tailed) and the Pearson correlation coefficient was carried out

to determine the extent to which values of the dependent and independent variables were correlated to each other.

4.8.1. Correlation Analysis between major variables and contraband trade (dependent and independent variables)

Table 4.11: Pearson's product Moment correlation coefficient of all variables

Correlations

Variables		Contraband trade
Internal capacity	Pearson Correlation	.891**
	Sig. (2-tailed)	.000
stack holders participation	Pearson Correlation	.701**
	Sig. (2-tailed)	.000
Regional gov't stability	Pearson Correlation	.864**
	Sig. (2-tailed)	.000
Neighboring country stability	Pearson Correlation	.900**
	Sig. (2-tailed)	.000
Contraband trade	Pearson Correlation	1
	Sig. (2-tailed)	

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

Source: - SPSS .V 20 Researcher's Survey Result 2010

The above table indicates that there is a significant and positive relationship between internal capacity and contraband trade having the Pearson correlation coefficient of 0.891. This coefficient shows that as the internal capacity that hinder contraband prevention increased the contraband trade will become higher and vice versa.

There is a significant and positive relationship between stack holders' participation on contraband prevention and contraband trade having the Pearson correlation coefficient of 0.701. This coefficient shows that as poor custom cooperation among responsible sectors will become increase contraband and vice versa.

There is a significant and positive relationship between neighboring country stability on cross border contraband trade prevention and contraband trade having the Pearson correlation coefficient of 0.9. This coefficient shows that as increase the challenges of cross border contraband trade will become increase contraband trade and vice versa.

There is also a significant and positive relationship between regional gov't stability on in border contraband trade prevention and contraband trade having the Pearson correlation coefficient of 0.864. This coefficient shows that as increase the challenges of regional gov't stability will become increase contraband trade practice and vice versa. Therefore from the above table the significance and positive correlation between the dependent variable contraband trade and the independent variables internal capacity of ERCA on contraband trade prevention, stack holder participation on contraband prevention, neighboring country stability on cross border contraband trade prevention and regional gov't stability on in border contraband trade prevention shows that the independent variables positively affect the dependant variable or there is linear relationship between dependent and independent variables.

4.9 A Linear Regression model with all predictor variables

The following regression model describes the challenges of contraband trade control on increase contraband trade

Table 4.12: Overall regression model summary

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.961 ^a	.923	.919	.19009

Source: Author generated from analyzed spss data 2010

From the above model summary table; one can observe that, both R^2 and $R^2_{(adj)}$ (Adjusted R Square) were good indicating the model fits the data. The multiple correlation coefficient approaches to one, indicating that, the existence of strong relationship between the dependant variable and the independent variables.

Multiple correlation coefficients (R) indicate the association between contraband and all independent variables are 96.1%.

Multiple coefficients of determination (R^2) show that about 92.3% of the proportion of variation explained by all the predictors and it is always between $0 \leq R^2 \leq 1$.

Adjusted R Square indicates 91.9% is shows that fit of models with different members of explanatory variables.

Table 4.13: ANOVA table assessment of challenges of contraband control practice

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	38.179	5	7.636	211.314	.000 ^b
	Residual	3.180	88	.036		
	Total	41.359	93			

Source: Author generated from analyzed spss data 2010

Sum square regression shows there is a relationship between contraband and predictors.

The ANOVA table is used to test the significance of overall model. It is used to test the null hypotheses of the overall coefficients of the model are equal to zero (not significant) against the alternative hypotheses of the regression coefficients of the overall model are significantly

different from zero (the overall model is significant). The ANOVA table shown above result indicates that the overall model is significant when all independent variable are entered.

4.9.1 Results of the coefficient for Assessment of determinants of contraband trade

Table 4.14 Multiple linear regression Coefficients a

Model		Un standardized Coefficients		Standardize d Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.582	.144		4.037	.000
	Internal capacity (IC)	.519	.085	.338	6.140	.000
	Stack holders participation (SP)	.114	.051	.069	2.235	.028
	Neighboring country stability(NS)	.480	.071	.371	6.710	.000
	Regional gov't stability (RGS)	.476	.079	.308	6.034	.000

Source: Author generated from analyzed spss data 2010

As per the coefficient table all variables: increase internal capacity that hinders contraband prevention ($\beta=0.338$, $P=0.000$), increase in poor Stack holders participation in contraband controlling ($\beta= 0.069$, $P=0.028$), Neighboring country stability on cross border contraband goods control practice ($\beta=0.371$, $P=0.000$) and increase in the challenges of Regional gov't stability ($= 0.308$, $p=000$) are significantly correlated with increase contraband trade. Increase internal capacity that hinder contraband prevention, increase in poor custom cooperation, neighboring country instability on cross border area and increase regional gov't instability on in border area are positively affects contraband trade. The corresponding weight of standard beta (β) is 0.338 for increase internal capacity that hinder contraband prevention, 0.069 for increase in

stack holder poor participation on contraband prevention, 0.371 for increase challenges of neighboring country stability on cross border area and 0.308 for increase regional gov't instability in border area of contraband prevention. These tell us that, for every standard deviation unit change in Increase internal capacity that hinder contraband prevention, increase in poor Stack holders participation in contraband controlling, in increase challenges of neighboring country stability, increase regional gov't instability on contraband trade prevention practice will rise by 33.8% (0.338), 6.9%(0.069), 37.1% (0.371) and 30.8%(0.308) respectively and statistically significant association with contraband (ANOVA = 0.000, P< 0.05).

Therefore from the equation of liner regression:

$$Y = \alpha + \beta X_1 + \beta X_2 + \beta X_3 + \beta X_4 + u$$

Where

Y= Contraband trade (Dependent variable)

α = Constant

X₁= Internal capacity (Independent variable)

X₂= Stack holder participation (Independent variable)

X₃= Neighboring country stability (Independent variable)

X₄= Regional gov't stability (Independent variable)

u =an unobserved random variable, known as the disturbance or error term.

$$\text{Therefore} = -0.582 + 0.338X_1 + 0.069X_2 + 0.371X_3 + 0.308X_4 + u$$

Internal capacity that hinder contraband prevention = 0.338 indicate that, the existence of directly (positive) relationship between the effects of internal capacity and contraband trade. The challenges of stack holder participation = 0.069 means, the explanatory variable poor stack holder participation by one unit the (contraband) is also increased by 0.069, then keeping the other significant explanatory variable are constant.

Challenges of neighboring country instability = 0.371 indicate that, the existence of directly (positive) relationship between the effects of neighboring country instability and contraband trade. The value increasing neighboring country instability = 0.371 means, the explanatory variable challenges of neighboring country instability is increased by one unit the response variable (contraband) is also increased by 0.371, then keeping the other significant explanatory variables constant.

Challenges of Regional gov't stability on contraband trade prevention = 0.308 indicate that, the existence of directly (positive) relationship between the effects of Regional government in stability and contraband. The value increasing Regional government in stability on contraband trade prevention = 0.308 means, the explanatory variable challenges of Regional government stability is increased by one unit the response variable (contraband) is also increased by 0.308, then keeping the other significant variable constant.

Increase in factors used for reduction contraband = 0.026 indicate that, the existence of directly (positive) relationship between the factors used for reduction contraband and contraband. The factors used for reduction contraband = 0.026 means, the explanatory variable has increased by 0.026 unit then keeping the other significant explanatory variables are constant. Therefore we conclude that from the correlation analysis there is a significant and positive relationship between dependent variables and independent variables and from regression analysis there is a significant effect of the independent variables internal capacity on contraband prevention, increase in challenges of stack holder participation, Increase in neighboring country instability and increase Regional government in stability on contraband trade prevention respectively to a dependent variable contraband

4.10 Testing the Hypotheses

A research hypothesis had to be formulated on the relationship between determinants of contraband and contraband trade in order to allow for the empirical testing of the relationship between these two variables. The following research hypotheses address the objectives of this study:

HO 1: - There is not statically significant relationship between contraband and internal capacity of ERCA Jimma Branch on contraband prevention.

The correlation coefficient of all variables was presented in the table 4.11 above showed a significant positive relationship between internal capacity and contraband trade. The Pearson Correlation using 2-tail test at $r = 0.891$, $p=0.000$ significant level and $n=94$. Therefore, the result supported the alternative hypothesis that contraband trade can be significantly described by internal capacity hinder contraband prevention in ERCA Jimma branch, as the correlation of the variables $r=$ value between 0.5 to 0.9, $p=.000$ implying strong positive relation and increase contraband by 33.8% in ERCA Jimma branch. There for, internal capacity increase contraband.

HO 2: -Stack holder participation does not have statically significant relationship in contraband in ERCA Jimma branch. The correlation table 4.11 above finding showed that a significant positive relationship between Stack holder participation and contraband the Pearson Correlation using 2-tail test at $r = 0.701$, $p = 0.000$ significant level and $n = 94$. The correlation of the variables r value between 0.5 to 0.71, $p=.000$ implying strong positive and significant relationship hence, the results supported the alternative hypothesis and reject the null hypothesis. The regression tables 4.14 above showed that the standardized coefficient of beta of Stack holder participation were 0.069. This standardized coefficient of beta implies that a unit increase Stack holder participation increase contraband by 6.9% present in ERCA Jimma branch. Stack holder participation was the positive relationship and influencing on contraband trade at significant at 0.028 level of probability and was found significant. Hence practically implies that increasing poor stack holder participation in ERCA Jimma branch increases contraband trade.

HO 3: - Regional government stability does not have positive and statically significant relationship with contraband trade. In correlation table 4.11 above showed that there were significant positive relationship between regional government stability and contraband trade the person correlation at $r = 0.000$, $p =0.864$ and $n=94$. The correlation of the variables r value between 0.5 to 0.87, $p=.000$ implying strong positive and significant relationship hence, the results supported the alternative hypothesis and reject the null hypothesis. The regression tables 4.14 above showed that the standardized coefficient of beta implies that a unit increase regional government stability increase contraband by 30.8% present in ERCA Jimma branch. Regional government stability was the positive relationship and influencing on contraband trade at significant at 0.000 level of probability and was found significant. Hence practically implies that increasing regional government instability in ERCA Jimma branch increases contraband trade

HO 4:- Neighboring country stability does not have positive and statically significant relationship with contraband trade. In correlation table 4.11 above showed that there were significant positive relationship between neighboring country stability and contraband trade the person correlation at $r = 0.000$, $p = 0.9$ and $n=94$. The correlation of the variables r value between 0.5 to 0.91, $p=.000$ implying strong positive and significant relationship hence, the results supported the alternative hypothesis and reject the null hypothesis. The regression tables 4.14 above showed that the standardized coefficient of beta implies that a unit increase neighboring country stability increase contraband by 37.1% present in ERCA Jimma branch. Neighboring country stability has the positive relationship and influencing on contraband trade at significant at 0.000 level of probability and was found significant. Hence practically implies that increasing neighboring country stability instability in ERCA Jimma branch increases contraband trade

Table 4.15: Summary of the Hypotheses

S.no	Hypothesis	Decision Accept/Reject
1	There is not statically significant relationship between contraband trade and internal capacity in ERCA Jimma Branch	Reject
2	There is not statically significant relationship between contraband trade and stack holder participation in ERCA Jimma Branch	Reject
3	There is not statically significant relationship between contraband trade and regional government stability in ERCA Jimma Branch	Reject
4	There is not statically significant relationship between contraband trade and neighboring country stability in ERCA Jimma Branch	Reject

Source: - researcher survey result 2010

CHAPTER FIVE

4. SUMMERY,CONCLUSION & RECOMMENDATION

5.1. Summary of findings

This section provides a summary of findings starting with the general information and further a summary of the findings as per the study objectives.

- The contraband trade is not constantly decreased due to the presence of corruption, weak contraband control team, lack of stability of Ethiopia and south Sudan contraband trade and controlling system as shown in the secondary data.
- Both correlation and regression analysis showed positive relationship between independent variables and dependent variable contraband trade. From the above correlation the significance and positive relationship between the dependent variable contraband and the independent variables increase internal capacity that hinder contraband prevention, increase neighboring country in stability, increase in Government instability and increase in challenges of stack holder participation on contraband prevention meaning that independent variables increases the dependant variable will also increases and vice versa.
- In the regression part looking at the variable increase challenges of internal capacity that hinder contraband prevention have a significant $P=0.000$ and $\beta= 0.338$ value, increase neighboring country in stability have a significant $P=000$ and $\beta= 0.371$ value, increase in Regional government instability have a significant $P=0.000$ and $\beta= 0.308$ value and increase in challenges of stack holders participation have a significant $P=0.028$ and $\beta= 0.069$ value means that each variable have strong effect on the dependent variable contraband.
- Form the beta coefficient of ($\beta = 0.338$) increase internal capacity that hinder contraband prevention understand that the illegal trade is increased
- From the beta coefficient of ($\beta = 0.371$) increase neighboring country in stability conclude that the lack of stability and lack of formal trade agreement with border neighboring countries of the authority increase contraband trade.

- From the beta coefficient ($\beta = 0.308$) of increase in Regional government in stability we find that the lack of stability of regional governments affects in border contraband prevention and this greatly increases contraband trade of the authority.
- From the beta coefficient ($\beta = 0.069$) of increase challenges of custom cooperation that increases illicit trade.
- The contrabandists pass contraband goods from kela with public transport illegally by distributing to travelers as consumption purpose by means of legal goods make in border contraband trade controlling system more difficult.
- The process of controlling contraband faces a great challenge like a bribe, insufficient skilled and competent manpower, lack of ongoing training, poor custom cooperation, corruption, inadequate enforcement and penalties, in sufficient check point and lack of stability in the area the contraband trade.
- Political instability of south Sudan and Ethiopia is big challenge to Control cross border and in border contraband goods movement of south west Ethiopia.

5.2. Conclusion

This study focused on the challenges of cross border and in border contraband trade control practice of ERCA Jimma branch. In particular, the study identified the challenges in controlling contraband at Jimma customs station office. These challenges were addressed by employing survey questionnaires and structured interview given to ERCA officials. The challenges of contraband trade can be explained by the increase in border contraband trade, increase in internal factor that hider contraband prevention such as corruption increased, there is no enough check points or kelas to control all cross border activities, increase in border contraband and increase ERCA custom profession poor custom cooperation with responsible sectors that made the contraband control system more difficult. The result of study revealed that among the factors that prevent ERCA to control contraband goods, the most important limitations, ERCA staff respondents replied the fact that, the contraband control team is not adequate to control all activities. Moreover, the political instability of south west Ethiopia and the neighboring country south Sudan increase will also increase the challenges of contraband controlling system. This study therefore makes conclusions and recommendations arising from the challenges of contraband controlling system on in border and cross border contraband trade in ERCA Jimma branch.

From the correlation analysis there is a significant and positive relationship between dependent variables and independent variables and from regression analysis there is a significant effect of the independent variables increases in internal capacity of ERCA that hinder contraband prevention, increase stock holders poor participation, Increase neighboring country instability and Increase Regional gov't in stability on contraband trade prevention respectively to the dependent variable contraband. This shows the increase in contraband trade in the authority because of the political instability, corruption and poor custom cooperation.

The descriptive analysis shows that the challenges of contraband trade control system facilitates the increasing illicit trade in south west Ethiopia. It negatively affects tax collection system, health of the societies, social unrest and political instability.

The four independent variables (internal capacity of ERCA that hinder contraband prevention, neighboring country instability, increase Regional government in stability and increase stock holders poor participation on contraband trade prevention) in the final model of the study are statistically more significant and predict challenges of contraband trade control system, $p = 0.000$, $R^2 = 0.81$, $R = 0.9$ contributing 81% variability, $p = 0.000$, $R^2 = 0.889$, $R = 0.943$ contributing 88.9% variability, $p = 0.000$, $R^2 = 0.918$, $R = 0.958$ contributing 91.8% variability, $p = 0.028$, $R^2 = 0.922$, $R = 0.960$ contributing 92.2% variability influence on dependent variable contraband. All variables added to the significance level at $p < 0.05$.

The regressions computed to investigate the relationship between increase internal capacity of ERCA that hinder contraband prevention, increase neighboring country instability, increase in Regional government in stability and stock holders poor participation on contraband trade prevention toward increase contraband. In general the regression analyses of model summary, ANOVA, and beta coefficient offers a positive moderate relationship between independent variables and dependant variables.

In the regression finding the increase internal capacity of ERCA that hinder contraband prevention = 0.338 indicates that the explanatory variable challenges of internal capacity of ERCA is increased by one unit the response variable (contra band) is also increased by 0.338, then keeping the other significant explanatory variable are constant.

Increase neighboring country instability = 0.371 indicate that the explanatory variable is increased by one unit the response variable (Contraband) is also increased by 0.371, then keeping the other significant explanatory variables constant. Increase increase Regional government in stability = 0.308 indicate that the explanatory variable increase increase Regional government in stability is increased by one unit the response variable (contraband) is also increased by 0.308, then keeping the other significant explanatory variables are constant.

Increase in stack holder poor participation= 0.069 indicate that the explanatory variable at worked increase stack holders poor participation is increased by one unit the response variable (contraband) is also increased by 0. 069, then keeping the other significant explanatory variables are constant.

Therefore, to conclude that the Jimma customs station office relatively has poor custom cooperation with federal police , government office and local traders ,lack of stability of South Sudan and our country Ethiopia ,lack of formal trade agreement with neighboring countries and corruption behavior of employees and managers of ERCA in controlling contraband activities within Ethiopian and Sudan border of the country created a good opportunity for contrabandists to expand their illegal activities.

5.3. Recommendation

Based on the findings of this study, the following recommendations were outlined. Naturally, contraband is unavoidable in the world. It needs careful management to reduce. A contraband reduction of mechanism is often the most useful approach for preventing illegal trade. So, the following recommendations need to be considered:

- Enhanced anti-contraband supply security team should be responsible for gathering intelligence, conducting area searches and proposing improved security measures to tackle supply
- Improve the investments and innovations in the country, wipes out foreign currency that a country may earn from legal import export and creates competition in the market.
- Strengthen domestic innovations and manufacturing to fill demand supply gap
- Strengthen strong enforcement of the rules and punishments and create conducive environment for effective coordination and communication among controlling unit.

- Improve exchange of knowledge and experience by customs officials regionally and internationally.
- Improve communications and participate to reduce political instability Oromia, Gambela and benishangul Gumiz regional states and south Sudan by work hard to control illegally traveled goods.
- Introduce modernized systems, improved risk management practices of the regulatory controls and expansion of additional check point helps contraband controlling practice easy
- Introduce and enhance information technology infrastructure
- Minimization of corruption by increasing employees benefits that high level of corruption in the Authority's system indicated the institution benefits areas on for the corrupted nature of the office, increasing Check Points, the level of punishment and the way of treatment for the one who is engaged on illegal trade, increase employee's awareness, timely awareness creation forum with local communities timely awareness creation forum with local communities employees who participate in such bad activities, educating local traders about the advantages of legal trade and follow-up them helps to reduce the burden of contraband controlling system.
- Improve formal trade agreement with neighboring countries and among regional governments of Ethiopia.
- Finally it is essential to recognize that increased security has significant effects; it can disorganize and eliminate contraband supply routes

5.4. Suggested areas for further research

- Effects of contraband trade on government tax collection system in Ethiopia
- Challenges facing on seized contraband goods changing to revenue
- The same study should be conducted again in another environment so as to ensure that very comprehensive findings are obtained.

APPENDICES I

References

- Adamson,S.(2003):DiversioryApproachestoReduction.Availableat:<http://extra.shu.ac.uk/ndc/downloads/reports/RR5.pdf>.
- Addisu, K.(2018):The effect of contraband on government revenue. International Journal Vol. 18, no. 3, pp.0975-5853.
- Andreas, Peter, 2013, *Smuggler Nation: How Illicit Trade Made America*, Oxford, Oxford University Press.
- Adamson,S.(2003).DiversioryApproachestoReduction.Availableat:<http://extra.shu.ac.uk/ndc/downloads/reports/RR5>.
- Bakhtiyari, M., & Salarzaei, A. H. (2016): Causes and Factors Affecting the Crime of Tobacco and Goods Smuggling in Iran. International Journal of Law 2(2), 52–57..
- Basu, G 2013, ‘The role of transnational smuggling operations in illicit supply chains’, Journal of Transportation Security, vol. 6, no. 4, pp. 315-28.
- Basu, G 2014a, ‘the strategic attributes of transnational smuggling: logistics flexibility and operational stealth in the facilitation of illicit trade’, Journal of Transportation Security, vol. 7, no. 2, pp. 99-11.
- Challenges of Cross Border Contraband trade Control practice, European Journal Business management, Mohamed and Gizaw November, 2017, www.iiste.org, ISSN 2222-1905 (Paper), ISSN 2222-2839 (Online), Vol.9, No.13.
- Chisholm, D. (1989) “Coordination without Hierarchy: Informal Structures in Multi organizational Systems, Berkeley: University of California Press.
- Clark, JA & Sanctuary, CJ 1992, ‘Anti-drug smuggling operational research in HM customs and excise’, *Public Administration*, vol. 70, winter, pp. 577-89.

Cross Border (CB) Posts, Checkpoints, and Intra-African Trade Challenges and Solutions African development fund, Senior Planning economist, Barka, January, 2012.

Darlington, R. (1968). Multiple regressions in psychological research and practice. *Psychological Bulletin*, 69(3), 161-182

Drug smuggling and border control, Jonny, April 2005, at Johannesburg International Airport and Durban, ISS Paper 104 •

Ethiopia Revenue and Customs Authority Proclamation No.622/2009, Ethiopia Negarit Gazeta Democratic Republic of Ethiopian, February, 2009, Addis Ababa, 15th; Year, NO.27.

Ethiopia Revenue and Customs Authority Proclamation No.859/2014, Ethiopia Negarit Gazeta Democratic Republic of Ethiopian December, 2014, Addis Ababa, 20th year: NO-82.

Ethiopia ERCA, contraband preventive measures available at (www.erca.gov.et/index.php/customs/others/101contraband).

Federal Bureau of Investigation (FBI) 2010, 'A new law counters the semisubmersible smuggling threat, FBI, Washington DC, viewed 8 January 2013, www.fbi.gov/stats-services/publications/lawenforcementbulletin/march-2010/the-semisubmersible-smuggling-threat.

Federal Customs and Revenue Authority (2013-2017). Annual Report, Jimma, Ethiopia. Unpublished report

Jean-Guy K. Afrika and Gerald Ajumbo, 2012, Informal Cross Border Trade in Africa: Implications and Policy Recommendations. AfBD African Economic Brief, Vol 3, issue 10: Accessed on May 5, 2017. Available at <https://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/Economic%20Brief%20%20Informal%20Cross%20Border%20>

Trade%20in%20Africa%20Implications%20and%20Policy%20Reco
mmendations%20-%20Volume%203.pdf

Jensen, A 2013, 'controlling mobility, performing border work: cycle mobility in Copenhagen and the multiplication of boundaries', *Journal of Transport Geography*, vol. 30, pp. 220-6.

Grainger, A 2007, 'Supply chain security: adding to a complex operational and institutional environment', *World Customs Journal*, vol. 1, no. 2, pp. 17-29.

Grillo, I 2012, *El Narco: the bloody rise of Mexican drug cartels*, Bloomsbury Publishing, London. [aband_measures.pdf](#).

Gujarati, D.N. (2009) *Basic Econometrics*. Tata McGraw-Hill Education, New Delhi.

Habtamu, H., Jemal, M, Ashenafi, N. and Mulugeta, G. (2014). *Policy Research on Cross Border Trade*, Haramaya University, Haramaya, Ethiopia

Jensen, A 2013, 'controlling mobility, performing border work: cycle mobility in Copenhagen and the multiplication of boundaries', *Journal of Transport Geography*, vol. 30, pp. 220-6.

Joossens, L. D. Merriman and A. Yurekli 2000. "Issues in Smuggling of Tobacco Products," pp. 393–406 In *Tobacco Control in Developing Countries* (ed. P. Jha and F. J. Chaloupka), London, Oxford University Press.

Keith, T. (2006). *Multiple regression and beyond*. PEARSON Allyn & Bacon

Lee, HL & Whang, S 2005, 'Higher supply chain security with lower costs: lessons from total quality management', *International Journal of Production Economics*, vol. 96, no. 3, pp. 289-300.

Lewis. P. (1996). *From Prebendalism to Predation: The Political Economy of Decline in Nigeria*. The *Journal of Modern African Studies*, 34(1), pp. 79-103.

Ministry of Finance and Economic Development (MoFED) (2010). *Growth and Transformation Plan (GTP) 2010/112014/ 15 (Draft)* Addis Ababa

- Mustapha, M. (2004). Globalization and Trans-border Crime: Nigeria's Security Delimma, Retrieved from www.gamji.com/NEWS2809.htm.
- OECD (2015a), *Illicit Trade: Converging Criminal Networks*, accessed online on 20. March 2016 at: www.oecd.org/gov/risk/illicit-trade-converging-criminal-networks.
- Osborne, J., & Waters, E. (2002). Four assumptions of multiple regressions that researchers should always test. *Practical Assessment, Research & Evaluation*, 8(2).
- Pallant, J. (2005) *SPSS Survival Guide: A Step by Step Guide to Data Analysis Using SPSS for Windows*. 3rd Edition, Open University Press, New York.
- Popham, L. E., Kennison, S. M., & Bradley, K. I. (2011). Ageism, sensation-seeking, and risk-taking behavior in young adults. *Current Psychology*, 30(2), 184-193.
- Report 2004: the state of the drugs problem in the European Union and Norway, Lisbon
- Schneider, F. 2002, 'Size and measurement of the informal economy in 110 countries around the world', paper presented at Workshop of the Australian National Tax Centre, Canberra, ACT.
- Schneider S. Organized Contraband Smuggling and its Enforcement in Canada: An Assessment of the Anti-Smuggling Initiative. *Trends in Organized Crime* 2000; 6 (2): 3-31
- Sied M Jibril (2014). Cross-Border Contraband Trade and Local Business Development in Somali Regional State, Ethiopia, *International Journal of Science and Research (IJSR)*, 3 (11): 180–187
- Shieh, G. (2010). On the misconception of multicollinearity in detection of moderating effects: multicollinearity is not always detrimental. *Multivariate Behavioral Research*, 45, 483- 507.
- Smart, Alan, Zerilli, Filippo M, 2014, Extralegality, in Nonini, Donald M, ed, *A Companion to Urban Anthropology*, Malden, MA, Wiley Blackwell: 222-238.

- Stevens, J. P. (2009). *Applied multivariate statistics for the social sciences* (5th ed.). New York, NY: Routledge
- Sweeting, Jeff, Teela Johnson, and Robert Schwartz. 2009. *Anti-Contraband Policy Measures: Evidence for Better Practice*. The Ontario Tobacco Research Unit, SpecialReportSeries.Availablathttp://otru.org/wpcontent/uploads/2012/06/special_anti_cn
- Tegene Teka and Alemayehu Azeze (2002). *Cross-Border Livestock Trade and Food Security in the Ethiopia-Djibouti and Ethiopia-Somalia Borderlands*; Organization for Social Science Research in Eastern and Southern Africa (OSSREA) Addis Ababa, Ethiopia
- The Global Initiative against Transnational Organized Crime (2014). "Got a light? The art of night fighting illicit tobacco." 22 July. Accessed on 9 January 2015 at <http://www.globalinitiative.net/got-a-light-the-art-of-not-fighting-illicit-tobacco/>.
- Wag staff, A & Maynard A 1988, 'Economic aspects of the illicit drug market and drug enforcement policies in the United Kingdom', Home Office Research Study No. 95, London, UK
- Williams, N 1959, *Contraband cargoes: seven centuries of smuggling*, Longmans, Green & Co., London
- World Drug Report 2015 (2015). United Nations Office on Drugs and Crime. Available at: <http://www.unodc.org/wdr2015/>
- World Economic Forum (WEF) 2012, 'Global Agenda Council on Illicit Trade', WEF, Davos, January, viewed March 2013, www3.weforum.org/docs/AM12/WEFAM12_GAC_IllicitTrade.pdf
- World Customs Organization (WCO) 2013, Mission Statement, WCO, viewed 2 April 2013, www.wcoomd.org/en/about-us/what-is-the-wco/mission-statement.aspx

Annex

Dear sir Respondent

Research questionnaire

I am a student at Jimma University undertaking a Master's of accounting and finance. I am conducting a study about controlling contraband goods control practice and its impact to organization of Ethiopian revenue and customs authority Jima branch .The study is conducted purely for academic purposes. Your response will be strictly confidential to provide insight into the issues under study and suggest possible solutions to them. Your identity and responses will be treated with confidentiality. You have the right participants in view of this therefore; I wish to kindly request you to fill the questionnaire attached. Please respond to the items in the questionnaire completely and as truthful as possible.

Thank you.

Yours faithfully

Kassaw Dessie

Annex1 For employees

Questionnaire to Gambela, Gedo, Lare, Metahir, Assosa, Kumiruk, Gizen, Gibe & Jimma Towns
ERCA custom professions

1. Please tick one of the correct answers
2. Answer all questions.

Instruction 1: General Information

(Put “√”the box of your choice and write in the blank space where it provided)

1), Gender 1. Male 2. Female

2), Level of education

1. Grade 12 and below 2.Deploma 3 First degree 4 Masters

3) Age

1) 18-25year 2)26-35year 3) 36-45year 4) 46-55 years

4) Your position-----

4) For how many years you are in this position?

1) 0 – 2 Yr 2) 2 Yr – 4 Yr 3) 4Yr – 5 Yr 4) Greater than 5 years

Instruction 2

Give your opinion on the following questions based on your experience in your organization by putting tick mark (√) on the appropriate choice(s). You can select more than one choice whenever necessary.

1. Regional government stability (In border contraband)

1.1. What are the most common in border contraband commodities?

1) Coffee 2) Lumber products 3) Wild animals 4) Firearm

1.2. What is/are challenges to control contraband goods movement in border area of your work place?

1) Lack of stability of Oromia and Gambela regions 3) The network of experienced contrabandist

3) Lack of awareness of local traders employees and Leaders 4) the presence of rent seeking behavior of

2. Neighboring country stability (cross border contraband)

2.1. What are the most common cross border contraband commodities?

1) Coffee 2) Electronics 3) Wild animals 4) Firearm 5) used and new textile products

2.2. How operation made to catch up contrabandist?

(1) By identify risk area (3) by form Informants

(2) By making informal assessment (4) Others-----

2.3. To what extent do you think that contraband trade influence performance of tax revenue collection?

(1) Very Great Extent (4) Little Extent

(2) Great Extent (5) Negligible 3) Moderatel

3. What are factors help your organization used to reduce contraband trade practices?

(1) Increase number of kelas (3) Educating contraband traders

(2) Punishment contrabandist (4) Others_____

Instruction 3:

Based on your experience give you opinion for the following Liker scale question by putting tick mark at the appropriate place. In the likert scale 1 stands for strogly dis agree, 2 stands for dis agree, 3 stands for Neutral, 4 stands for Agree and 5 stands for strogly agree

8). Questioner for dependent variable contraband trade

Item	1	2	3	4	5
I Contraband trade(Dependant variable)					
1 The revenue collected from contraband trade increased from time to time					
2 The rent seeking behavior increase contraband trade					
3 Challenges of border trade increase contraband					
4 Poor Custom cooperation with stack holder increase contraband					

No	Items	1	2	3	4	5
II Internal capacity						
A	There is enough checkpoints or kelas to control all cross border activities					
B	Contraband control team is adequate enough to control contraband					
C	There is competent knowledge and skill with control unit to control contraband activities					
D	If Modern technological instruments like cargo scanning machines is applied in controlling contraband activities improved					
E	Good physical working conditions are provided in checkpoints					
F	There is experience share on how to control challenges of contraband goods					

Instraction4:

Based on your experience give you opinion for the following question by putting tick mark at the appropriate place. 1 stands for poor, 2 stands for fair, 3 stands for Good, 4 stands for very good and 5 stands for Excellent. The custom cooperation among ERCA Employees with Federal police and local trader, Regional and federal governments' bodies.

III.Stack holder participation

No.	Items	1	2	3	4	5
III.i	Stack hold participation(ERCA profession with Federal police)					
A	Stack holders have good communication with ERCA on information exchange to control contraband goods					
B	The participation responsible sectors and custom profession on criminal investigation is effective					
C	Responsible sectors and custom professions participation on joint operation is good and effective to control contraband goods movement					

No.	Items	1	2	3	4	5
III.ii	Stack hold participation(ERCA profession with Gov,t employees)					
A	Stack holders have good communication with ERCA on information exchange to control controband goods					
B	The participation responsible sectors and custom profession on criminal investigation is effective					
C	Responsible sectors and custom professions participation on joint operation is effective to control contraband goods movement					

No.	Items	1	2	3	4	5
III.iii	Stack hold participation(ERCA profession with Local traders)					
A	Stack holders have good communication with ERCA on information exchange to control contraband goods					
B	The participation responsible sectors and custom profession on criminal investigation is effective					
C	Responsible sectors and custom professions participation on joint operation is good and effective to control contraband goods movement					

Instruction5

Based on your experience give you opinion for the following Liker scale question by putting tick mark at the appropriate place. In the likert scale 1 stands for strogly dis agree, 2 stands for dis agree, 3 stands for Nutral, 4 stands for Agree and 5 stands for strogly agree.

No.	Items	1	2	3	4	5
IV.	Regional government stability(in border contraband trade)					
A	Controlling in border contraband goods movement is difficult for custom professions due to regional government influence in south west Ethiopia					
B	Ethiopia regional governments controband controllers have good contribution to ERCA to control in border contrabands goods movement					
C	There is conflict between regional and federal government to sized contraband goods.					
D	The contrabandists pass contraband goods from kela with public transport by distributing to travelers as consumption purpose					

11. What are challenges to control contraband goods movement in cross border area?

No.	Items	1	2	3	4	5
VI.	Neighboring country stability (cross border contraband)					
A	The politica instability of south Sudan is big challenge to Control cross border contraband goods movement south west Ethiopia					
B	Lack of formal trade agreement with south Sudan makes contraband controlling system difficult at cross border area					
C	The presence of armed groups in the border has influence on prevention of contraband goods.					
D	Lack of sufficient security personal in the border affects cross border contraband goods controlling system					

What additional information could you provide to control contraband goods in south west Ethiopia? _____

Thank you again

Annex2 –For Interview Guide For manager

(Queries on general issues to be answered by the heads of ERCA Jimma Branch)

1. What are the challenges faced ERCA south west region to control contraband Goods?
2. What are contraband goods flow in to our country and exit from our country through ERCA Jimma branch custom station?
3. What are the effect contraband trades on Inland Revenue collection?
4. What are in border contraband goods existing in south west region?
5. What is/are internal factor(s) that hinder the contraband trade control system of your organization?
6. What are important factors to control contraband trade in south west Ethiopia?
7. Finally what additional information could you provide to control contraband trade in south west Ethiopia?

Thank you very much

