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Predict Systematic Police Bribery

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Discovering Thoughts, Inventing Future

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The Transitory forms of Lesotho Customs Administration and Tax Revenue Collection Since the Post Independence Era Till the Early 2000s: Strategies, Organizational Structures, Trade Facilitation and Limitations

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Abstract- In a highly competitive global environment, customs administration plays a vital role in the growth of international trade and development of the globe by facilitating trade among countries. Its role is also essential in expediting the growth of revenue through imports and exports taxation. This requires efficient and effective customs systems and procedures that can significantly influence the economic competitiveness of a nation. Lesotho being a member of Southern African Customs Union (SACU) and World Trade Organization (WTO) has a remarkable history in Customs Administration ('CA'). Overtime CA has been a useful strategy of the government for revenue collection and trade facilitation. The country has also undergone social, economic as well as political transformations which have brought significant changes that affected the revenue base and brought a mismatch between the revenue and expenditure.

Keywords: 1. customs administration/system, 2. lesotho, 3. tax revenue collection reforms, 4. trade, 5. free trade facilitation and limitations 6. colonial forms of taxation.

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The Transitory forms of Lesotho Customs Administration and Tax Revenue Collection Since the Post Independence Era Till the Early 2000s: Strategies, Organizational Structures, Trade Facilitation and Limitations

Moses M. M. Daemane [α] & Keneuoe A. Mots'oene [σ]

Abstract- In a highly competitive global environment, customs administration plays a vital role in the growth of international trade and development of the globe by facilitating trade among countries. Its role is also essential in expediting the growth of revenue through imports and exports taxation. This requires efficient and effective customs systems and procedures that can significantly influence the economic competitiveness of a nation. Lesotho being a member of Southern African Customs Union (SACU) and World Trade Organization (WTO) has a remarkable history in Customs Administration ('CA'). Overtime CA has been a useful strategy of the government for revenue collection and trade facilitation. The country has also undergone social, economic as well as political transformations which have brought significant changes that affected the revenue base and brought a mismatch between the revenue and expenditure. The continuous decline of the customs revenue accompanied by drawbacks in tax collection structures prompted the government to take drastic measures of reforming the then existing structures of customs revenue and tax collection. This was also done with a view to improve Lesotho's position in the SACU arrangement.

This paper then discusses two main aspects: first, CA structures, systems and strategies that have been in place overtime in Lesotho since the last 40 years of independence and beyond, secondly, CA as a strategy to enhance international trade and tax revenue collection in the country. The gist of analysis is on CA and tax revenue collection reforms and their impacts on trade, treating former reforms as part one and recent reforms as part two.

Keywords: 1. customs administration/system, 2. lesotho, 3. tax revenue collection reforms, 4. trade, 5. free trade facilitation and limitations 6. colonial forms of taxation.

Part One

I. Introduction

This paper aims at appraising the reforms of Customs Administration (CA) intertwined with the tax base of Lesotho, facilitation and impact of both CA and tax reforms on trade since the last 40 years of her independence, that is, partly beyond and till the early 2000s years. This is achieved by examining organizational structures and strategies that facilitate this administration and reforms. Some detailed Customs System analysis also poses a picture of the customs administration position in Lesotho. The paper's specific objective is thus; to evaluate in a concise manner Lesotho's colonial forms of taxation and customs administration within this introductory part, her post-independence forms of taxation also related to customs administration reforms and the effects of such reforms/strategies/programmes on the country's trade throughout the paper. The study's methodology encompasses desk study involving grey material analysis, interviews with relevant officials and regular cross-border traders/vendors and some participant observation.

In order to make this analytic paper logical and coherent, coverage of part one includes this introduction and the background whereby the country's situation is highlighted, colonial forms of taxation and customs administration, post-independence forms of taxation and customs administration reforms since Lesotho's independence and effects of such reforms on trade. The causes of changes to structures and strategies are debated as demerits of such approaches though their strengths are also considered. Part two heavily relies on the interviews and secondary data for self-acquaintance with the current or latest CA and tax revenue collection state particularly dealing with LRA but in the same analysis approach.

The study's scope is within the context of the fact that customs administration and tax base of Lesotho since her independence have been changing due to the weaknesses or failures realized in revenue collection strategies from the two (i.e. CA and tax base). The original purpose of taxation in Lesotho has been to raise money so as to finance public expenditure. Taxation is one of the main approaches adopted by the government in managing the national economy.

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Taxation may be used together with various monetary policies to further economic aims of the government such as full employment, manipulation of the balance of payments and reducing inflation (Pritchard and Murphy, 1988). The paper, further, assumes that Customs administration and tax revenue collection reforms ought to provide assistance in maintaining productivity and growth in a country and as an national exercise generate feedback enabling assessment of the degree of appropriateness of the country's trade and monetary policies and the nation's selected revenue collection strategy affordability and effectiveness in bringing development. This is a national exercise whose feedback enables planning, monitoring and evaluation of the progress of the country's economic-development. While at the paper's assumption, it is important to note that criteria for evaluating effectiveness of a tax system (and/or customs administration) includes its capacity to raise adequate government revenue and its impact on resources distribution for equity and the size of its administrative costs (Central Bank of Lesotho: 2004). The paper, indeed, believes that practical market operations or trade as influenced by customs administration and tax revenue collection reforms and strategies serve as one of the main ever lasting mechanisms of distributing resources, services and benefits or wealth either for worse or better in relation to an individual person's poverty level or country's economic-development.

Study's justification and significance are brought about by the fact that forms of taxation in Lesotho have been dynamic and resulted into a changing national tax base whose impacts analysis on national trade as one form of poverty alleviation strategy or development process may shed some light on our national economic-development progress, constraints, planning, monitoring and evaluation. Study's justification is also prompted by the incidence of the Government of Lesotho (GOL) finding it wise to change the forms of customs administration and tax base including customs and excise duties, sales and income tax, thereby formulating claimed to be better and efficient ways of collecting the customs and tax revenue while still maintaining the free trade within the Common Monetary Area (CMA) being treaty member states Namibia, Swaziland and Lesotho adopting the South African 'rand' currency as a common currency to all and the Southern African Customs Union (SACU) by removing tariffs and duties. SACU can be traced as far back as 1889 Customs Union Convention between the colony of the Cape of Good Hope and the Orange Free State, Lesotho joined in 1891, Botswana in 1893, Swaziland in 1904. In 1910 South Africa signed the Customs Union Agreement between the former British protectorates of Botswana, Lesotho and Swaziland, the agreement came into force on the 1st July, 1910. The SACU Agreement was concluded on 11th December 1969 and was put into force on the 1st March 1970, thereby replacing the 1910 Customs Union Agreement. Namibia became the fifth member of SACU in 1990. Furthermore, in 2003 the government of Lesotho lodged the project of Lesotho Revenue Authority (LRA) which according to the Act is to deal with Value Added Tax (VAT), sales tax, income tax and customs and excise duties in an efficient way of collecting tax in Lesotho.

Tax is a payment compulsorily collected from individuals or firms by central or local government. An economy cannot provide services to its residents unless it has source of revenue from which it can pay for the services provided. VAT is the amount that is added to the bills for services and purchases. Income tax is a tax charged on every one who earns income. Customs, on the other hand, is an authority or agency in a country responsible for collecting customs duties and for controlling the flow of people, animals and goods (including personal effects and hazardous items) in and out of the country. Depending on the local legislation and regulations, the import or export of some goods may be restricted or forbidden and the customs agency enforces such rules. Customs and Excise deals with the cross border tax on goods and services especially imported ones. Customs are duties paid to a nation's government on items that people bring in from another country. Each nation has its own regulations regarding the quantity and kinds of articles (quotas/tariffs/restrictions e.t.c) that may be imported.

In modern economies, taxes are the most important source of governmental revenue. They are compulsory levies that are regularly imposed and as a rule, designated for no special purpose, they are regarded as a contribution to the general revenue pool from which most government expenditures are financed. Taxes differ from other sources of revenues in that they are not paid in exchange for some thing specific. There is at least a general theoretical belief that taxes are collected for the sake of the welfare of the taxpayers as a whole. Taxes are considered to have at least these three functions:

1. Fiscal or budgetary: to cover government expenditures as are not financed from other sources.
2. Economic: to lessen inequalities in the distribution of income and wealth to the extent they are considered excessive and unjust.
3. Social: Aside from its above main function, taxation has many purposes. Certain consumption goods considered undesirable, such as alcoholic beverages and cigarettes may be taxed heavily on the grounds of national health (Student's guide, 1994).

Generally speaking there are two methods of imposing taxes known as direct and indirect tax. Indirect tax is levied on the sale of a good or service. This implies that real burden of such a tax does not fall on

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the person or a firm paying but can be passed onto a customer or a supplier. For example, excise duty is another form of indirect taxation whereby tax is levied upon a wide range of goods. Its development has been basically in two directions. The first has been the high rates imposed on a narrow range of goods such as tobacco, alcohol and fuel. The second has been the use of a general sales tax on all items sold. Indirect taxation, therefore, involves taxes which are not paid directly to the state by the person who ultimately bears the cost.

The direct tax is the tax paid directly to the state by the tax-payer. Land tax was the backbone of direct taxation for centuries but this became less satisfactory when wealth took different forms due to commercial development. At various times, tax was therefore applied to other objects of the wealthy such as servants and dogs. These taxes although not of much value in the long term, resulted in two developments:

1. They required some form of local inspection collection thus resulting in an administrative machine.
2. A relieving provision was created which limited the total tax payable by an individual to 10% of his income.

Through taxation and customs administration the government can also influence business activities. Tax concessions on the other hand have the effect of increasing the level of economic activities and are often used to attract investors into the country (Workorach, 1997). Efficient tax collection is very important as it is from such revenue that the great majority of a country's development programmes are achieved, Minister Timothy Thahane explains (2006:1).

II. The Problematic Lesotho's Customs Administration and Tax Reforms Overview

Looking at the colonial forms of taxation, the hut tax being one of them was paid on the number of huts and therefore principally on the number of wives as each hut usually symbolized a wife in those polygamous days. At times a number of cattle pans were used. The number of huts and cattle pans varied from year to year and it was difficult for the colonial administration to ascertain accuracy in taxing. One Pound was paid as the hut tax. The chiefs as tax collectors received a percentage of the hut tax and lower chiefs and headmen were, on the recommendation of the magistrates, paid for their assistance in collecting it, so at first sight it would seem to have been in their interest to have collected as much as possible. The tax issue became so serious that that in 1871, magistrates were instructed to refuse passes (necessary for Cape or Orange Free State travel) to anyone unable to produce a tax receipt unless guaranteed by his chief or headman to be in need of a pass to the Orange Free State to earn the tax money (Burman,1981).

The other form of tax was the poll tax which was paid by unmarried men who did not pay the hut tax. Poll tax was later changed into the European poll tax. The dog tax was paid at the administration offices also. M0.25 was paid for each dog. The income tax was charged on every migrant worker. As Basotho men migrated to work in the South African mines the government gained tax through them and from the civil servants.

The Report of the Residence Commissioner (1898/1899) mentions pithily the British policy towards the Basutoland Protectorate in a passage which may be summed thus: that though Lesotho was a granary of Southern Africa, it was even of greater industrially economic value to South Africa, by providing the latter with a massive labour reserve; that the Basotho should not be educated above labour. The important point to be noted from this report is that Basutoland/Lesotho was being structured into a labour reserve through colonial tax forms, while, on the other hand, South Africa was being turned into an industrial power in the sub-region. Even to date, the main form of trade of Lesotho with her neighbour RSA is migrant labour.

On the other hand, it may be acknowledged that Lesotho still benefited in a skewed manner from this relationship with South Africa. As Lesotho seemed to be a labour reserve for South Africa, with the full neglect of Britain to develop Lesotho because of the belief, among other reasons, that Lesotho shall, at some point be incorporated into South Africa, Lesotho still depended much on migrant labour remittances.

Pule and Thabane (2002: 217) also mention that,

> "The bulk of migrants worked on South African gold mines while the rest worked as far labourers, domestic workers, and industrial workers. In addition to providing cash income for numerous rural households and jobs for over one hundred Basotho, migration also provided revenue, in the form of deferred payment for the state."

However, still on the same level, Peterson (1991: 8) reminds that, although there were a few main sources of income in Lesotho, it should be noted that income earned from some of those sources was not taxed. Even though migrant workers' remittance was the main source of income in Lesotho, income from this source was not taxed. This is despite the fact that migrant mineworkers are properly recorded and are the largest potential for an enlarged taxation and increased income tax revenue. Income from this source is not taxed basically because the 1973 labour agreement between Lesotho and the Republic of South Africa did not allow mining industries in South Africa to deduct income tax from migrant mine workers on behalf of Lesotho government. Even in 1991 when a new labour

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agreement was completed, it became evident that the Republic of South Africa would not be in a position to withhold such taxes on mining companies in the near future.

The self-employed were, by then, not taxed basically because the main part of the self-employed were farmers practicing subsistence farming and the average household income in the agricultural sector was small. The aim was to attain self-sufficiency in food production hence income from agricultural activities was not taxed. Generally, taxation of small business enterprises was also very difficult to administer.

Tax reforms in Lesotho ('Basutoland'), during the colonial era may be perceived within the context of hut tax which was paid by every married man, land tax, basic tax which was paid by every old man, which ended in 1984, dog tax which was paid by everybody who had a dog though levies considered dog species, poll tax which was paid by every working man, personal income tax - the tax that was levied on the net asserts of individuals, not corporate bodies and corporate tax that was paid by the investors especially the multinational companies. All these taxes that were imposed during the colonial era had much adverse impact on the country of Lesotho. For instance, hut tax and basic tax had all the able bodied men finding themselves forced to go out to seek for the jobs, they particularly migrated to South African mines as cheap and exploited labour. This created social and family life disruption and transformed Lesotho into a migrant labour reserve dependent on vacillating unstable foreign employment market. As a result, there were constraints in agricultural production due to manpower shortage because only old people and children were left at home and these were not able to produce enough to gain even the surplus, hence partly, agriculture declined in the whole country of Lesotho. Moreover, trade declined as there was no surplus for export. Again, Lesotho was the major exporter of wool but at this time wool export declined as well and this was due to the fact that tax was even paid in the form of animals. Tax was mainly used for supporting colonial administration and other imperial objectives (Cox and Rose1986).

Levy on sand and stone was made on the 14th of October 1955. Before any sand or stone is removed from Basutoland, the person intending to remove such sand or stone was to pay to the district commissioner of the district from which the stones or sand is to be removed. The levy due under that proclamation was given a receipt, any person who removes sand or stone from Basutoland without having paid the levy on such sand or stone was guilty of offence and was liable upon conviction to a fine not exceeding twenty rand or in default of payment, to imprisonment for one month, any person so convicted was also required to pay the full amount of the levy due, in addition to any punishment awarded. Any levy due under this proclamation was to be a debt due to the tax to be Basutoland government, and may be sued for and recovered by the paramount chief by action in any competent court having jurisdiction (Thompson, 1960). The chiefs were responsible for collecting tax as the colonial government did not want to spend more on the colony. The aim behind imposing tax on the colony (Lesotho) was to promote migrant labour. There were newly established mines in South Africa and few machines were used for production so a lot of men were needed to provide labour. This was during the time of the introduction of cash economy.

During the colonial era, there was also what was known as the dual tax system, this type of taxation made a big distinction between Basotho and non Basotho of that time. It was tax paid due to a person's race and was only paid by all Basotho male residents and as thus also compelled most of Basotho men to work in the mines during colonialism (None, 1988). The colonial era taxes (1870 – 1910) were collected by the British Commissioner, Paramount Chiefs cooperatively. Basutoland Mounted Police as a colonial police were in charge of demanding tax receipts from male persons and brought non-tax payers to courts for fines and imprisoning sentences. Colonial tax reforms and their abolition were mainly due to resistances and up risings in the form of wars of resistance and political independence struggle.

After colonial taxation forms, that is in the post colonial era, considering that political independence was gained by Lesotho in 1966, basic tax began to be effectively officially collected in 1969 by the ministry of finance and commerce, accountant general and tax officers. The reason for change was that the chiefs were no longer involved in the collection of tax due to illiteracy as that made tax collection ineffective. The motive was now to finance local public expenditure which became so high and so much needed for developing a country that had for a long time been underdeveloped by colonial forms of taxation. Tax evasion also became rampant as enforcement became weaker. GOL then embarked on several taxes revenue collection reforms as follows:

The income tax bill was made in the 1980s. In arriving at the chargeable income of a person (M600.00), other than a company, who is a resident of Lesotho there has to be a deduction from the taxable income of that person. Income taxability considered abatements on the basis of the number of earner's dependents, marital status and minimum amount earned and other received incomes (National Accounts Reports: 1997).

The tax bill also introduced sales tax which is a tax on commodities and services at sale retail point, it was introduced in 1982. Firstly, there was sales tax of 15% in 1993 subsequently reduced to 10 %. The sales tax bill of 1995 provided for a bill to consolidate and

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amend the law relating to sales tax. The bill therefore is the revision of the sales tax act of 1982. It improves on the technical deficiencies in the law and provides for some expansion of sales tax base, particularly in relation to services. The bill retains the bound structure of the existing sales tax being a single stage tax imposed at the retail level. Under the Bill, sales tax is imposed on every taxable supply in Lesotho and on every import of goods or services, which is where CA comes in. The rules applicable to taxable supplies and imports are summarised separately below.

Under the 1982 Act, sales tax is theoretically payable on every sale of goods by any person including sales between private individuals. This means for example, that the sale of motor vehicles between private individuals is liable to sales tax and in this case the enforcement of the liability is supported by a prohibition in the 1982 Act against registration of the motor vehicle in the name of the purchaser until sales tax has been paid (1995 Government Gazette).

The problem is that sales tax affected trade badly as it discouraged production and manufacturing because people spend less while producers/firms produce accordingly, as a result volume of investment diminishes. It also has inflationary effect, for example when the cost of living raises, the employees press for pay increases, which leads to further price increases and costs, pushing inflation up.

In a business partnership, a partnership is not to be charged tax by its own name here in Lesotho, but all the amounts received thereby in any year of assessment are to be charged and on the partners in such a year. The chargeable income of a partner for any year of assessment is included on the amount equal to that proportion of the partnership (National Accounts Reports, 1997).

Indeed, income tax rates were effectively lowered for the 1981and 1982 financial year. The reasons for this are not entirely clear but because the income tax, despite attempts to strengthen its administration, is to a large extent collected only on salaries and wages as the government is by far the largest employer, it is reasonable to interpret the change as a substitute for an increase in government salary scales. At the levels of professional employment, the government experiences difficulty in attracting and retaining personnel, particularly those of ability because there are better sectors elsewhere in Southern Africa for others. This difficulty is exacerbated by political dissension within Lesotho. It is often alleged that opposition to the government is quite widespread among professional and technical cadres in the civil service and the education establishments. The government is, however, reluctant to raise salary and wage scales to levels that would retain adequate numbers of personnel, including those not well disposed toward it, partly for budgetary reasons and partly because a wage increase would make more pronounced the income inequalities among those employed as well as between the employed and those unemployed. A wage increase would also exacerbate the wage restraint problem in the private sector, which is essential to maintain competitiveness with establishments in the RSA. Nevertheless, in 1984 a commission reviewed Civil Service salaries, with instructions to consider the importance of managerial, professional, and scales were raised in early 1985.

While taxes finance the activities of the government and are therefore used to finance the public expenditure, through taxes the government forcibly takes part of the money from the private sector which could have been used for other private purposes. When paying tax, citizens cede some buying powers, some control over resources, some means of increasing their satisfaction through the market transactions. A levying of a new tax or increasing an existing one means a decrease in disposable income while a reduction in the tax rate or an abolition of an existing tax increases disposable income of the tax payers.

Indirect taxation does offer some scope of raising revenue. Lesotho has managed to use some specific levies on particular industries (for instance, tourism) despite the Customs Union. In other instances, the most notable being alcoholic beverages, the profits of state monopolies have been used as a substitute for indirect taxation. The most interesting case, however, is that one of general sales tax (GST). South Africa introduced a GST, initially at five percent, collected at retail level, at the end of the 1970s. This general sales tax, as opposed to specific sales duties, was not subject to Customs Union provisions. Such a tax was a powerful potential source of revenue for Lesotho, and in late 1982 Lesotho also introduced a GST.

According to James (2002) the Lesotho GST was initially at five percent and collected at retail level. Unsurprisingly, early reports suggested considerable collection difficulties and confusions, since in principle all traders, of whatever size, literacy, and accounting ability, were subject to the tax. It appears that by replicating precisely the South African tax, presumably there economizing on analytic, decision-making, and planning capabilities in government, Lesotho missed an opportunity to change the tax structure in a way that would have been easier to administer and better suited to the promotion of development. These ends could have been achieved by making Lesotho's GST collectable at the manufacturer or importer level instead of retail level, charging a higher rate, but exempting for administrative reasons manufacturers with turnover below a certain volume and also exempting exports. Such structure would appear consistent with the Customs Union, but would have substantial effective protection to small domestic manufacturers. In 1984, the

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GST rate rose to six percent, and government was considering higher rates on motor vehicles and tobacco.

Exercise duties, Customs duties and Advalorem duties which were used just to restrict certain goods into Lesotho, were all put in place with the aim of increasing more revenue. Again, in Lesotho, there was personal income tax, company tax and these were aimed at collecting more revenue as well in order to finance public expenditure and reduce financial imbalances. General sales tax was due to the Act No 8 of 1982 for additional domestic revenue so as to reduce expenditures.

In an attempt to increase tax revenue further, particularly income tax revenue from migrant mineworkers, in 1991, GOL introduced a levy of M100 per contract from Basotho mineworkers which was payable when the contract was signed. The new levy was estimated to raise government revenue by M6 million or about 0.22% of GNP.

In 1990, the other main transformations were done with a view to collecting as much revenue as possible and to make a reduction in tax evasion and avoidance and to abolish abatements amalgamating to dependents. In addition, it was to terminate medical allowance regarded to be burdensome, inefficient and not directly profitable to GOL, another improvement that was achieved in 1991 was to simplify income tax system through reducing too many numbers of tax brackets. In April, 1992, there was reduction in government compulsory savings from 10% of gross salary to 5%. This change increased taxable income quite significantly. The overall effect was the reduction of the income tax rate by two percent (on average) from 35% to 33%. Rates had also been reduced for the last too high income groups and no reductions had been made for low income groups (Lephoto, 2004).

Efficient and effective tax revenue collection and customs administration still lacked as fiscal or budgetary purposes. Covering GOL's expenditures was still not sufficiently met. Economically, inequalities in the distribution of income and wealth were still excessive and unjust. There was also a need to safeguard through taxation thriving of local producing companies against other multinational companies or heavily subsidized RSA's companies. Only that such sales taxes and restrictions created monopsonic national companies in beverages and milling companies in trade.

As is the case in most developing countries, the main objective of the income tax in Lesotho was to collect more revenue in order to finance public expenditure and to reduce financial imbalances in the economy. It is desired that revenue should grow gradually in relation to gross national product. It should be noted, however, that one of the most important constraints limiting the choice of taxes and the effective rate at which a particular tax is collected in Lesotho, is administrative capacity of tax collection and collection of income tax is no exception to this and which prompted the formation of the Lesotho Revenue Authority. The problem of declining customs revenue and weaknesses in tax collection structures during the post-independence era thus also induced GOL to review tax structure and administration. The new Lesotho Revenue Authority (LRA) was thus launched in January 2003. The Authority replaced three revenue departments (Customs and Excise, Income Tax and Sales Tax) which functioned within the civil service. The primary functions of Customs and Excise Department were to gather imports and exports data and enforce restrictions. The import data was used to establish Lesotho's apportion in the SACU revenue pool shared by Botswana, Namibia, South Africa and Swaziland. The Income Tax Department was responsible for collecting personal income tax, company taxes, withholding tax, fringe benefits tax and the gaming levy. The Sales Tax Department dealt with collection of sales tax at five main border posts and from registered vendors. The problem is that the structure or the set-up of the three departments constrained co-ordination, created bureaucratic red tape and was thus administratively burdensome and lacked taxpayers' audits and law enforcement on tax evaders.

Inefficient customs and tax revenue collection has contributed to making Lesotho not an exception to many developing countries experiencing a series of socio-economic problems. These include high illiteracy, mortality and unemployment rates, low agricultural productivity, poor infrastructure and poor communication facilities. Socially, the life of people has been worsening because of poor standard of living where lack of welfare facilities has been a serious constraint. There has been lack of infrastructure such as roads and poor communication facilities in some villages particularly in the rural area. In addition, there has been no provision of clean water in many parts of the country, which resulted in reported outbreaks of diseases such as cholera and typhoid in some parts of the country.

Economically, Lesotho being a land-locked country by the Republic of South Africa (RSA), relies on the economy of RSA, as its currency "loti" is also pegged to "RSA rand" with the ratio of 1:1. The exchange rate of US $: M is currently over 6.0. The country has been deteriorating due to huge losses of cash as a result of poor accounting systems and enforcement opening up loopholes to corruption in the administration of government funds. The losses grew from M1, 690,928.60 in 1981/82 to M1, 748,696.56 in 1990/91 (Auditor General's Report: 1991), there has been a growth in losses of 9.7% over a ten-year period. There has also been a high and growing fiscal deficit, which grew from 4% of GDP, 2 % of GNP in 1984/85 to 19.5% of GDP, 10.3 % of GNP in 1987/88 (Ministry of Finance Report: 1996). Currently the nominal GDP has

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grown from M9 million in 2005 to M10 million in 2006 while real GDP has grown negligibly from 3.4% in 2005 to 3.5% in 2006 (Ministry of Finance Fiscal Analysis Report: 2006). Custom Revenue grew from M1, 126 million in 2000/2001 to M1, 438 million in 2001/2002, an increase of 27.7% while in 2002/2003 it fell to M1, 427, a decline of 0.75%. In 2003/2004, there was a further decline to M1, 421.6. There was a remarkable increase in 2004/2005, where customs revenue increased to M2, 012.4 and M2, 067.1 in 2004/2005 (Ibid).

The government revenue has not been able to match the desired level of public expenditure as the country's taxable capacity is weak. Majority of the population are in the low income stratum while on the other hand there is an increasing rate of unemployment resulting from retrenchment in both the public service due to the lending conditionality of IMF/World Bank requiring labour downsizing and privatization and from the mining sector in RSA where three-quarters of the country's male labour force has been employed for the past decades, most of them residing in the rural parts of the country where land is communally owned and under-producing.

Considerable pressure is put on the government of Lesotho as a result of a large number of Basotho men who migrated to South Africa earlier in search of jobs but have now returned home in substantial numbers. The government is forced to expand some of its services with the objective of providing employment for its citizens since there are a few employment opportunities, as there are minimal resources and lack of developed private sector.

There is also an increasing realization all over the developing world that expanding the base for trade facilitation and revenue collection can accelerate development process in these countries since many other efforts have failed. This is why the government took an initiative to establish the Lesotho Revenue Authority (LRA), so as to accelerate growth and development. It is the intention of government to invest in this organization, which it is hoped, will generate millions of revenue from customs administration.

Though GOL has identified and established an autonomous national revenue authority, LRA, as the best way to improve revenue collection and tax administration, this Authority is said to have relatively improved revenue administration through enhanced autonomy, acquisition of skilled staff, increased integrity and effective use of automated systems but greatly at the expense of loss of customer welfare since VAT shifts more of taxation levels onto the customer. Furthermore, use of automated systems is quite greatly lacking indeed, the privacy invasive and intrusive practices of physical inspections and hands-on manual searching on customers' goods in different containers has reduced personal welfare and dignity at the borders. This usually creates long unbearable inefficient queues. Physical searching also has an element of risk-exposure to custom officials as some substances are harmful and/or fragile. Lack of automated equipment definitely allows for inaccurate/little data and revenue collection as there is no adequate way of verifying heavily loaded sometimes sealed big trucks. There is also too much paper work involved and difficult for customers to comprehend.

The LRA has introduced private sector-style management practices in administrating revenue, some aspects of which include competitive staff remuneration, securing of quality staff and introduction of a code of conduct guarding against corruption. Only that rent-seeking is still said to be a problem by border customers. Tiresome and delaying bureaucratic procedures are also worse to them in that LRA works closely with South African Revenue Service (SARS) in collection of Value Added Tax (VAT). Revenue authority is paid a commission based on revenue collected but this has resulted into sort of severely self-imposing aggressive over ambitious over-valuing of goods' value by LRA for VAT collection from the border customers, at times against and contrary to authentic documents of procurement. This has greatly stifled the progress of the private sector. A number of businesses have closed down due to the launching of LRA characterized by lacking an objective of helping such a local private sector to develop further except to radically sap it down through immense taxation and custom duties indifferent of ease tax payment terms enforceable. This has created visible unemployment as the private sector is pressed down and reduced. The country still has more than 40% unemployment rate as ever since but against a bulging national customs and tax purse lacking visible investment multiplier effect.

III. The Limitations of Lesotho's Conventions on Customs Administration and Tax Revenue Collection

On the somewhat different level, Lesotho's trade was, by virtue of 1910 Customs Union Agreement, intractably tied to that of South Africa. The heavy reliance of Lesotho on remittances of its nationals working largely in the mines of South Africa and on revenue from the Customs Union Agreement is the legacy of the historical colonial experience. There is a belief that today Lesotho relies on workers' remittances and customs revenue for some 60% or so of its total government revenue. Then, all it meant is that since both sources were from South Africa, Lesotho was heavily dependent on that country, from which many of its imports came. From a socio-political view, this gave South Africa a chance to impose leverages on Lesotho on non-compliance on some of its demands. South Africa would delay, without reason, customs union

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payments due to Lesotho. Given the importance of this money to government revenue, such action on the part of South Africa always precipitated short-term crises for the Lesotho government (see Pule and Thabane, 2002).

Lesotho also experienced heavy revenue burdens imposed by the customs Union Agreement of 1969. This happened by virtue of articles 4, 8 and 10 of the Customs Union Agreement which established uniformity throughout the area in terms of customs and sales duties on imported goods, imported from outside the area; excise and sales duties of goods produced in the common Customs Area; and laws relating to customs and excise duties, South Africa being appointed the pacesetter. That is, Lesotho and other countries to the customs union have to adopt and follow any changes made by South Africa in respect of the above three issues. Now, it is no secret that because of its international isolation, South African tariff system is primarily designed as a protective device and as a result South African prices are very high by world standards. Since Lesotho's overwhelming bulk of its imports are from South Africa, then therefore, as modern studies indicate, Lesotho pays relatively more than it gets by way of customs revenues. This heavy non-discretionary tax burden implicit in the customs revenue arrangements, therefore, to some extend limit the potential for any significant increase in Lesotho's domestically collected revenue which thing can only put more strain on the economy. It is for this reason and many others that, while development in Lesotho has been rather slow, it has, however, been a difficult task to decide how and where to raise taxes without negating social justice or rather equity and development, especially through the use of tax incentives.

The text of an agreement concluded between the governments of Republic of South Africa, the Republic of Botswana, the Kingdom of Lesotho and the Kingdom of Swaziland, in terms of section 51 of the Customs and Excise Act, number 91 of 1964, as amended, and the text of a memorandum of understanding recording additional understandings on which agreement has been reached among the four governments on how to administrate customs duties produced what was known as SACU. As already indicated the customs union arrangements, which have been in operation between these four countries since 1910, were concluded on 11 December 1969 and came into operation on 1 March 1970, with Namibia joining later.

SACU's organization is as follows;

a) The council of ministers

It is a supreme decision making authority on SACU matters. It is responsible for the overall policy direction and functioning of SACU institutions including the formulation of policy mandates, procedures and guidelines for SACU institutions overseeing the implementation of the policies of SACU and approving customs tariffs rebate, refunds or drawbacks and trade remedies. The council is also responsible for the appointment of the Executive Secretariat, the Tariff Board and the Tribunal. The council consists of at least one minister from each member state and meets at least once in a year's quarter, unless agreed otherwise. It is chaired in turn by each member state for one year.

b) The Commission

It is responsible for the implementation of the agreement; overseeing the management of the common revenue pool in accordance with the policy guidelines decided by the council and supervising the work of the Secretariat. The Commission consists of the senior officials from each member states and it meets at least once a quarter or at the request of a member state. Its chair person is appointed by the member state chairing the Council.

c) The Secretariat

It is responsible for the day to day administration of the agreement; coordinating and monitoring the implementation of the decisions of the Council and the commission; arranging meetings, disseminating information and keeping minutes of meetings of SACU institutions, assisting in the harmonization of national policies and strategies of member states in so as they can relate to SACU; keeping records of all transactions of into and out of the custom revenue pool; and assisting in the negotiation of trade agreements with third parties. It is headed by the Executive Secretary, citizens of member states and its staff is determined by the Commission. It is based in Windhoek, Namibia where the head quarters of SACU will be established.

d) The Tribunal

It adjudicates on any issues concerning the application or the interpretation of agreement or any dispute arising there under at the request of the Council. The Tribunal also plays an advisory role on any issue referred to it by the Council. The determination of the Tribunal will is final and binding. The parties to the dispute are to choose the members of the Tribunal from amongst a pool of names approved by the Council and kept by the Secretariat. The Tribunal is composed of three members, except otherwise determined by the Council and decides the majority vote. It is to be assisted by the Secretariat in its work. The Tribunal will determine its own rules of procedures.

e) Commission Revenue pool and Sharing Formula

Article 32 to 37 and Annex A of the 2002 SACU agreement, refer to a new common revenue pool and sharing formula. Article 32 stipulates that all customs, exercise and additional duties collected in the common customs area are paid into the common revenue pool, within three months of the end of each quarter, of

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financial year (commencing on 1 April). South Africa manages this pool (World Trade Organization, 2003).

There was an Act No 91 of 1964 which was amended by South Africa to goods entering customs area from outside SACU. However, the procedures were not honored on the borders by the member states. Section 46 of the same Act, good is regarded to have been produced in a certain country if at least 25% of the production cost being material used and labour performed is from that country and if the last process of goods took place in there. Due to all these, came another Act in 2002 in Article 23 agreement calling for the harmonization of trade of SACU member states to facilitate the cross border movement of goods both within the Customs Union and with the rest of the world to foster economic development.

There has been the Act of 1969 as well which took on from the 1910 agreement. This Act aimed at creating customs union, economic development of the customs union as a whole, in particular of the less advanced members like Lesotho, Botswana and Swaziland and diversifying their economies even to share equitably the benefits among the members. Further, there was a new competition Act enacted in 1998 to further address the imbalances in the levels of concentration present in the economy, anti-competitive business practices. Since SACU last Trade Policy Review (TRW) in 1998, five members have continued their tax incentives for household saving and borrowing (Central Bank of Lesotho, 2001)

Furthermore, Article 2 of Interchange of Domestic Products states that except as elsewhere provided herein a contracting party shall not impose any duties on goods which are imported from outside the common customs area on importation of such goods from the area of any other contracting party. This Article restricts the members of the SACU, even though they could find better market outside the SACU, they should abide by this agreement and this affects the macroeconomics of the member countries as now Lesotho is affected, it restricts customs revenue.

Nonetheless, Lesotho's participation in SACU is still beneficial. Unlike free trade agreement skewedly distributing economic benefits and growth among member countries, a customs union does not require costly rules of origin among members, as all products entering the customs union are subject to Common External Tariff (CET) and other taxes and charges collected by customs. SACU offers this advantage to Lesotho with one caveat as the rules of origin requirement is maintained on some electronic and leather products.

Moreover, customs union offers the opportunity to completely remove border formalities. This significantly reduces transaction costs, as inefficient customs clearance procedures can often be more costly than tariffs. However, Lesotho maintains economic order controls for two reasons; its tax rates differ from South Africa's and its status as a less developed country obliges it to trace origins of inputs in order to enjoy preferential access in international markets.

In overall, however, Lesotho's participation in SACU appears to have had a positive impact on the country's economic development although the CET is not close to the first best option of free trade, average tariffs have fallen reducing their distortionary impact on the patterns of domestic production and consumption. SACU arrangement is such that tariffs protection for small domestic producers is removed, infant economy against globally competitive producers will be overwhelmed and closed out. Lesotho's membership in SACU makes it part of a larger global market in which only the already developed economies can effectively compete and thrive perpetuating poverty and development gap through revenue/capital flight in less developed economies. Maximizing SACU arrangements in a sustainable self-reliant manner seems to be quite a daunting challenge as effects of globalization on trade are deemed to be new imperialism. Markets are open for the developed world and very limited for the less developed, unbalanced and unfair global trade is given a conducive common customs area.

As expansion in Foreign Development Investment (FDI) inflows began in the 1990s, in 1990, Lesotho' stock of FDI was the lowest among SACU member countries, at $155 million. By 2000, the value of FDI stock in Lesotho was higher than all SACU countries except South Africa. Lesotho's FDI stock on a per capita basis was higher than South Africa's despite the huge disparity in Gross Domestic Product (GDP) per capita between the two countries. This implied more GDP and less GNP, which is more wealth shifting into foreign hands and more local poverty.

Lesotho may be argued to have done quite well when compared with non-SACU Sub-Saharan African Countries. The total stock of FDI in Lesotho in 2000, estimated by NCTAD (WIR2001) at $2.519 million, was the fifth highest in Sub-Saharan Africa. Lesotho is also one of the leaders in Sub-Saharan Africa in terms of the share of FDI in gross fixed capital formation. Locally, this scenario is practically marred by extreme female labour exploitation in the textile industry sector in the foreign hands. That is Lesotho cheaply traded and exploited her labour in free international market within cyclic destitution increasing foreign revenue. Such labour is characterized by none assets accumulation/saving, perpetual indebtedness, induced ill health from hazardous working conditions and destitution.

Nevertheless, despite the fact that Lesotho experienced generally modest economic growth since 1997, its development is in the hands of South Africa because it forms part of Common Monetary Area (CMA) in which 1 loti (M1.00) is pegged to South African rand-currency, hence, Lesotho and others (Namibia and

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Swaziland) follow to a great extent South Africa's monitory and exchange rate policies. In cases where Rand devaluates in the foreign market Loti is also affected likewise. This implies that when South African economic growth declines, Lesotho economy also gets affected. The usage of South African currency within Lesotho was formalized by Rand Monetary Area Agreement between Lesotho, Swaziland and South Africa in 1974, later including Namibia. Under the agreement, Lesotho formalized the use of South African currency as a legal tender in Lesotho, in addition required the following conditions: (1) the right to receive the monetary compensation for such use, based on the application of interest rates on South African government securities to an estimate of the rand currency circulation in Lesotho.

The issue is its own currency, a Loti at par with Rand backed at 100 percent by special rand deposit with the South African Reserve Bank on which interest is received. Furthermore, an agreement formalized Lesotho to access the foreign exchange and specified that the three countries' main reserves of foreign currencies would all be held by South African and that essentially similar foreign exchange controls would be imposed in Lesotho as in the Republic of South Africa. However Lesotho is permitted the guarantee to access foreign exchange for the purpose of retaining profits by foreign investors.

This relative harmonization of policies has resulted in comparables of inflation (around 7% per year) throughout SACU. However, the lack of formal harmonization of fiscal policies leaves room for expenditure-induced public deficit. The country in this common area wanting to trade with the other members is compelled to use the same currency usually a US dollar. Sometimes it becomes unfair for a country to buy a dollar even if it can use its own currency if its currency is stronger than that of the country it wants to trade with. This is a trade loss in exchange rate. Also being the member of SACU Lesotho is unable to trade with other countries because the policies of SACU compel the member countries to impose high custom duties on the goods imported from the countries outside the union. In addition the customs duties that are put into SACU revenue pool seem to be of least appreciating value because these custom duties cannot be invested somewhere, that is they come as they were of original value. This implies that the country gets its share without any interest. SACU countries have been generally slow in implementing structural reforms whose effects have lacked 'human face' and as thus deepened poverty even further.

SACU is controlled by World Custom Organization (WCO) for running the world trade. The WCO is an organization under World Trade Organization (WTO). It helps the SACU member countries in tackling problems of tax evasion like under valuation of the goods imported. It uses the following methods; transaction value methods, transaction value of identical goods, as well as transaction value of similar goods. This model as already indicated has led to customer welfare loss in that going market prices of sale are subjected to an inflexible non-negotiable market standardized price values robbing entrepreneurs through custom duties even against authentic invoices entitling them lesser cost in terms of duties/levies. WTO on requiring removal of tariff barriers, gives the preferential treatment to developed countries, promoting free trade/expanded market for them only. It also gives the unenforceable condition like input of a country on a product should be 35%.

John (2002) indicates that the customs union agreement on the other hand gives Lesotho substantially more revenue than it could raise if it was to leave the union but domestic final prices are kept at the same level. As it seems, Lesotho integration with South African economy, the customs union provides short-term benefits, namely government's revenue and availability of full range of manufactures. However, the cost of these benefits is a restriction of long-term development of Lesotho's domestic economies because the customs union ensures South African goods access to Lesotho markets but does nothing to enhance Lesotho's competitiveness as a production side or practical terms to ensure Lesotho to South African market. Lesotho as a peripheral country with poor infrastructure close to highly developed industrial and commercial centres in South Africa is not a low cost area in the region for most of production. Access to South Africa is dependent on South Africa's regulations despite the restrictions of Customs Union Agreement because South Africa has at its disposal many non-tariff barriers involving administrative discretion and controls a highly regulated transport system thereby limiting in flow of Lesotho commodities. Accessing South African markets can be enormously disruptive deliberately or incidentally by official delays in border crossing as it once occurred in 1983 where every piece/item of the bulk exported was sluggishly and thoroughly inspected. The long exposure of Basotho to South African consumer goods, modes of operation and relative prices may also have induced attitudes that are inimical to appropriate forms of development within Lesotho.

The earliest major formalization of institutional arrangements with South Africa was the Labour Agreement, concluded in 1973. This agreement sets out the conditions under which Lesotho citizens may be employed in South Africa and under which South African employers may recruit in Lesotho. It gives Lesotho very few advantages. The major ones are the provision for a Labour Representative, an official of the Lesotho government resident in South Africa who, with staff members, is permitted to perform various administrative and welfare functions for Lesotho citizens in South

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Africa, provisions requiring South African employers of Lesotho citizens to comply with any deferred pay or provided fund wage deduction clauses in contracts of employment (a provident fund system for migrants does not exit but has been discussed for years and is generally believed to be potentially a very useful innovation), a provision not requiring but pledging cooperation by the South African authorities to ensure that employers deduct any relevant taxes from migrants' wages on behalf of the Lesotho government (however, migrant earnings are exempted from Lesotho income tax) and an exemption from the confinement of Lesotho citizens to employment under contract for not more than two years at a time, for those who can prove that they were legally employed in South Africa before July 1, 1963, provided there is no indigenous worker to replace them.

The constraints imposed by relationships with South Africa remain immense and some aspects are still not wholly predictable. One problem surrounds transportation and transit rights. Lesotho's position is that international law gives it, a land-locked state, unrestricted transit rights to the outside world. South Africa , however, has always held that it reserves the right to inspect cargoes and passengers in transit to Lesotho and to prevent in its national interest which it does on occasion, recently most notably with respect to defense equipment.

Bardill (2002:77) shows that apart from external constraints imposed by being surrounded by and dependent on South Africa, the government in Lesotho also faces major domestic constraints. Lesotho's current revenue structure is unusual because of the operations of the Customs Union, which provides the bulk of revenue but removes from Lesotho's discretion sales on specific goods and all customs and excise duties. Direct taxation has had three major components: basic tax, a flat-rate tax on all adult males that was abolished in 1984; personal income tax, similar to British and South African models; and corporate taxes, subject to many provisions for reduction as investment incentives. One anomaly has already been mentioned: No attempt is being made to collect income tax from migrants, although now all mine workers earn incomes high enough to be taxed if the income was earned within Lesotho. Presumably the reason is political because given the provisions of Labour Agreement; the administrative costs of collection could be mainly shifted to the South African mining companies. However, this may change in future in response to the 1984 South African decision to subject migrants to a unified income tax.

Free trade as Lesotho's pursued economic policy with its regional partners and common external trade policies, in the context of the SACU and SADC and trade partnerships including the European Union and the United States will ultimately compress customs revenues. This will reduce her capacity to finance economic-development and facilitate national trade through developing the local private sector.

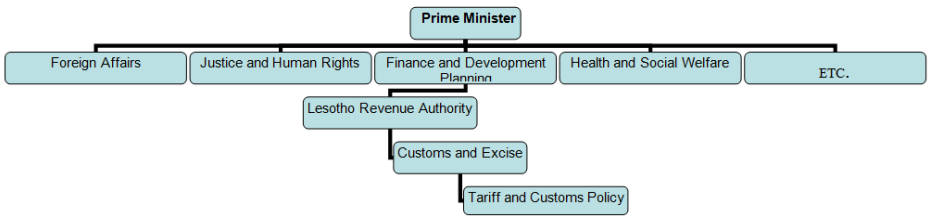
In conclusion, however, Lesotho's low income economy is with very close financial and commercial ties to South Africa. It is a member of the Southern African customs Union and the Common Monetary Area (CMA) and its currency-the loti is pegged at par to the rand. So there are no exchange controls between CMA countries. And trade among SACU countries is free of tariffs and duties. Trade with South Africa Accounts for about two-thirds of Lesotho external trade and foreign direct investment from South Africa is about one fifth of Lesotho's GDP. Workers' remittances from South Africa and receipts of Lesotho's share of SACU revenue constitute a significant part of national income. The presence of different tax rates and customs procedures across customs union members, when combined with porous physical borders between the countries, creates incentives for smuggling, even as it hinders the flow of legitimate trade and investment. The 1998 WTO review of SACU trade regime repeatedly mentioned that Lesotho faces problems with smuggling and tax evasion.

Part Two

IV. Customs Administration in the Latest Perspective: Organizational Structure

Customs division is a component of the Lesotho Revenue Authority which is under the Ministry of Finance and Development Planning (as indicated by the organogram below).

Figure 1 : Lesotho National Customs Administration Organization

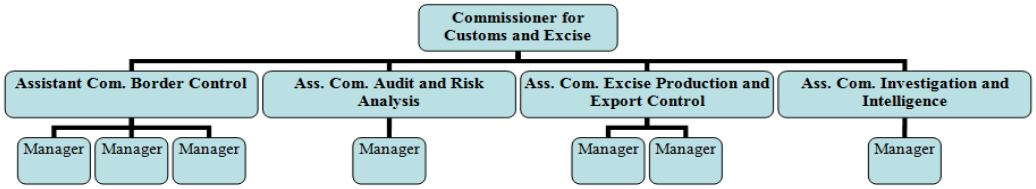


(LRA Interview, May, 2006)

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The Customs administration involves the Headquarters which is the main administrator and the 11 land border posts (Maseru, Maputsoe, Caledon, Sani Top, Qacha's nek, Ramats'eliso, Tele, Peka, Makhaleng, Sephapo, and Van Rooyen's) and 4 official ports of entry (Railway Station, State Warehouse, Parcel Post and Airport) under the supervision of Customs Managers, Senior Customs Officers and Customs Officers. The Lesotho Custom Administration is indicated by the chart below:

Figure 2 : Internal Structure of Lesotho Customs Administration



(LRA Interview, May, 2006)

The Customs Headquarters comprises of the Commissioner for Customs and Excise to the level of Managers and deals with policy formulation, administration of the entire division with the exception of the Managers responsible for border control, who are based at the two biggest border posts – Maseru bridge and Maputsoe bridge. Other border posts are managed by one manager who does the administration directly from the Headquaters, where he/she is based. He/she manages with the assistance of the Officers in charge of the border posts (Supervisors) being Senior Customs Officers whose subordinates are the Customs officers followed by the Assistant Customs officers.

Customs Core Functions, Responsibility and Priorities

Functions

- To control movement of imports and exports.
- To facilitate trade.
- To collect legitimate Customs and Excise revenue and VAT from imports of goods and services and statistical information.

Responsibilities

- Promote voluntary compliance with tax laws.
- Improve the standards of services given to tax payers.
- Counteract tax frauds and other forms of evasion.
- Administrate and enforce the laws concerning prohibition and restrictions of imports and exports.
- Advise the Minister on matters of revenue policy administration and revenue collection.

Priorities

- Control movements of exports and imports.
- Collect customs and other duties due to the government.
- Provide quality and responsive services at all times.

Resources

Budget

- Customs has its own budget.
- Customs Administration has a budgetary responsibility and plan.

V. Recruitment/Appointment/ Employment Conditions for customs Employees

The commissioner together with the Resourcing Unit decide on terms of employment depending on the type of work to be done, that is, contract and non contract employment. Both internal and external recruitment strategies are used.

a) *Internal Recruitment Strategy*

- Advertisements are made to fill vacancies internally by Resourcing Unit which runs for maximum of two (2) weeks.
- Human Resource(HR) must notify the Commissioner of Customs of any changes regarding the re-deployment of employees between the operating divisions.
- HR must notify Finance Division of any changes regarding status and salary grades of employees to effect necessary adjustments on remuneration.

b) *External Recruitment*

The Resourcing and Development Section is responsibility for maintaining effective recruiting contacts. The following sources/methods are used where necessary and only one method is used at one time:

- Newspaper/Radio adverts/ internet – takes 3 weeks
- Educational Institutions – LRA liaise with the Institutions
- Head-hunting/ Referrals
- Walk ins

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- Consultants

There is no restriction excluding applicants for employment who have a family member working for the Authority. Employees also apply for vacancies higher than their positions, to be promoted.

c) *Both Internal and External Development Programmes are Available For Customs Officials*

- Resourcing and Development Section facilitate the designing and development of internal programmes based on the identified needs.
- Externally designed programmes are reviewed by the Resourcing and Development Section in conjunction with the Training Coordinators and Technical Trainers on their appropriateness to the Authority' specified needs before adoption.

d) *There is Custom Institute*

Customs Training Centre

Manager Resource & Training

5 Permanent Lecturers form Training Centre

3 Coordinators (Customs, VAT, Income)

Several Resource Persons in each Division with special fields e.g. Specialist in Valuation, border procedure, etc)

e) *Legal Issues*

- There is a single consolidated code under which Customs Administration is conducted which is Customs and Excise Act No.10 of 1982.which is used together with the following laws and regulations:
- Customs and Excise rules and regulations of 1984
- Value added tax 2001
- Liquor Commission Order of 1986
- Liquor Licensing Act of 1998
- Copy Right Act 1989

The current Customs Code gives powers to carry out all controls necessary to ensure compliance with the laws and regulations which they are responsible for enforcing even though it is outdated and needs to be amended.

f) *Customs System*

- Beside Customs duties, Customs collects Excise duties, Value Added Tax and Advalorem tax.
- Customs Revenue represents 50% of the total Government revenue.
- Customs have shared functions with Government ministries, for instance, Ministries of Trade and Agriculture which issue trade permits to be used by importers, which have to be produced for customs clearance on restricted goods. The Ministry of Trade processes certificates of origin which are verified by customs before issuing VISA and doing consignment inspections and document processes.
- Customs Lesotho does not have Pre-shipment inspection (PSI).
- (Yes,) Custom administration applies risk analysis management principles. The Risk and Audit Analysis Unit uses forms which are completed at all stations then used by LRA to build database of risk clients and communicate them across the board. It also does the reconciliation with other borders of South Africa through South African Revenue Authority (SARS).
- There is Investigation and Intelligence Unit and other information strategies (toll free line and radio programmes like Mokhafisi)
- Current trade volumes- Exports = M5024.3 million and Imports = M9241.2 million (Ministry of Finance Fiscal Analysis Unit, 2006).
- 10 trading partners in the past 3 years are South Africa, Japan, United States of America, UK, Canada, Germany, China, Taiwan, Sweden and Singapore.
- Customs Lesotho deals with goods from both intra and extra SACU.

For those from SACU:

- Upon arrival at the port of entry, documents are produced and goods declared
- Goods are thereafter inspected
- If satisfactory and taxes paid where necessary documents are processed and goods released

For Extra SACU:

g) *Clearance Section*

The division is charged with the responsibility of controlling all imports and exports. It deals mainly with the import clearance of all government, diplomatic, trade and private imports for home consumption. All goods require permits or license issued by the Ministry of Trade and industry. For exports goods being submitted for certain preferential regimes such as GSP, for despatch to the USA or EU require a 'Form A' to be issued by the Ministry of Trade. This form is a general certificate of authenticity to the effect that the goods are of Lesotho origin. The clearance section authenticates the certificates produced. Bill of entry (CE23) is used for export and exchange control declaration, form (F178) is attached to the documents. It is issued by Central Bank of Lesotho. If all necessary documents are handed to customs and examination conducted, the documents are processed.

h) *State warehouse*

The procedures adopted at the warehouse involve the usual arrangements for the entry to and exit from bonded warehouses .The clearing agents must make provisional payment at first entry of Customs Common Area (CCA) which is RSA in our case and 25%

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surcharge is made based on the value of goods as a guarantee in case of diversion. All warehouses within SACU are allocated identifying numbers and the number of the intended warehouse of destination is quoted on the form CE570 (removal in bond).

A warehousing bill of entry (CE500) is then prepared and a copy is attached to the CE570 and submitted to the first point of entry of CCA for acquittal. Clearing agents then claim their provisional payment. The liabilities rest with Lesotho and are paid upon removal of the goods from the warehouse using CE600.

- We do not have annual records of goods declared as exports and imports.
- Approximately 95% of goods are physically inspected.
- The inspection is done on almost everything where possible but risk basis approach where necessary is used.
- WTO Valuation Agreement is implemented:
  - There are Value declaration forms, internet and Post Clearance audit
  - Approximately 60 % of goods declarations use Article 1- "the transaction value" to determine value
- Implementation of the Appeal System by Customs Lesotho is done in rare cases.
- There is implementation of Pre – Clearance Consultation System on HS Classification and Customs Valuation.
- There is no laboratory owned by Customs Administration Lesotho but Police Forensic laboratory is used.

i) Information and Communication

- (Yes,) there is Import Vendor Credit Facility (IVCF) in place

Others

- Surveys
  - WCO Diagnostic Study on Columbus Initiative
  - Communication Development Strategy
  - Customer Satisfaction Survey
- Customs Lesotho and Donor Organizations Relationships
  - Donor organizations offer funding for training and development

j) Administration Procedures For Trade Facilitation

In Lesotho the organisation responsible for trade facilitation is the Ministry of Trade. The Ministry is responsible for issuing of import and export permits and traders' licences as a means of control. Currently there is no trade of between trade facilitation and revenue maximization. The customs administration is faced with a mammoth task of meeting the Government set revenue targets and at the same time controlling of importation and exportation of goods. In most cases, this has proven to be a hindrance in trade facilitation, as in an effort to maximize revenue collection, almost 100% of the goods crossing the border is inspected. Moreover, most procedures are done manually and there is a lot of paper work involved. This consumes a lot of time and is definitely a barrier to smooth trade processes.

So as to address some of the problems encountered, the administration has embarked on some strategies to ease the pressure. The administration has adopted a system called Import VAT Credit Facility (IVCF). The system is meant for VAT registered Vendors whose businesses have annual turnover of 0.5 million Maloti and above. The system enables the importer to cross into the country without having to pay tax at the border; rather the system allows them to pay the due tax at the end of the month.

Currently the administration is implementing the accreditation scheme whereby importers and exporters who have shown a high level of compliance are afforded an opportunity to cross without being inspected. But it must be clear that the post clearance inspection will still be conducted.

k) Advantages of LRA

The Lesotho Revenue Authority (LRA) has to some extent succeeded in improving the revenue collection during the short time of its operations. The authority introduced measures that made tax payment easier, provided public tax education and a tax advice centre. Harmonisation of the value added tax with South Africa (at 14%) and capacity building at border posts helped remove long queues and encouraged more buyers to declare their transactions. The authority also intensified efforts to enforce tax compliance by seizing goods of those that tried to evade tax. Tax audits were also undertaken on those suspected to under-declare their profits or the sources of their incomes. This resulted in an estimated 11.9% rise in income tax collections for the fiscal year 2003/2004, according to the 2004/2005 government budget.

However, the formation of Lesotho Revenue Authority was in line with the belief that customs reform is a vital feature of successful trade. Increasing the ease and speed of goods, as they move across international borders, has a significant bearing on one country's ability to trade successfully. If goods get stuck in transit, or if the duties are onerous to process, the business of trade is handicapped by red tape.

Recognizing the importance of strong links between the Lesotho Revenue Authority and its main trading partner through the South African Revenue Service, the Lesotho Revenue Authority began by abolishing the sales tax and introducing Value Added Tax (VAT) at 14%, similar to the rate in South Africa.

At a stroke, South Africa was enabled to fund directly to the Lesotho Revenue Authority all value

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added tax paid on goods imported from South Africa hence other parts of the common customs area. This means that individual importers had one less thing to worry about. However, there is still a problem of not being able to meet the 'one stop declaration convenience'.

VI. Conclusion

In the meantime, income tax is projected to contribute 14.4 % and 10.8% respectively, to total revenue. It is highly believed that this is not a fair share. Evasion and corruption are rife in tax collection and this has resulted in loss of revenue and unlawful enrichment of individuals engaged in these illegal practices. The customs tax collection has contributed a vital share of government revenue. However, Lesotho should improve its standards in tax collection so as to enhance its independence from SACU through tax base diversification and sustainable international development projects, not only LHWP. Furthermore, the local entrepreneurs should be enlightened more on the usage of the tax pay so as to encourage their corporation in tax collection. On the other hand, the government should intensify the social and economic developments of the country to encourage tax payers.

Lesotho's revenue base has continued to depend disproportionately on customs revenues. For the past ten years customs receipts, excluding grants, have on average, accounted for 54% of total revenue and have financed 78% of recurrent expenditures. This goes to show how the government and in fact the whole economy is dependent on customs revenues. This is under threat is almost likely to be significantly affected by a number of events that are currently taking place in the world economy. These include the outcome of renegotiations of the SACU agreement, the European Union/RSA free trade agreement, the ratification and the implementation of the SADC Trade Protocol and anticipated next round of World Trade Organization negotiations. All which may definitely put the future of tax revenue to an end. Therefore our tax policy needs to aim at reducing dependence on SACU receipts.

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An Empirical Validation of a Home Bias Model

By Islem Boutabba
IHEC Carthage, Tunisia

Abstract- To study world equity markets indices and their corresponding relationship with a portfolio consisting of U.S. MNCs, we conducted correlation, cointegration ad bivariate Granger causality tests.

Using daily returns of the past five years, we have concluded that the inclusion of foreign equities increases returns of a diversified home portfolio. From the cointegration tests, we concluded that there is no long-term equilibrium relationship between the U.S. indices and the selected foreign indices. Finally, correlation tests led us to conclude that U.S. MNCs do not follow foreign indices in terms of returns.

In summary, our empirical analysis suggests that U.S. investors should diversify their portfolios by including home equities traded abroad selected in developed and emerging markets. This result corroborates that of Salehizadeh (2003).

Since U.S. MNCs could not substitute indices returns, home bias problem will continue to exist because, on the one hand, foreign investment has risks that are absent in home portfolios and on the other hand, U.S. institutional investors have an information advantage as well as higher international returns.

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Abstract- To study world equity markets indices and their corresponding relationship with a portfolio consisting of U.S. MNCs, we conducted correlation, cointegration and bivariate Granger causality tests.

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I. Introduction

During the past two decades, investment in international portfolios has become widespread among American investors. Economic reforms and liberalization of markets including those related to the United States have developed more attractive international markets. This change has prompted individual and institutional investors based in the United States to place a greater share of their respective portfolios in overseas markets. Such investments have been approved by theoretical foundations and empirical evidence in the literature that supports international diversification.

At the same time, although previous studies (Ahearne, Griever and Warnock (2001), Rowland (1999) and Suh (2000)) showed that the continued existence of a number of factors, including some risks (e.g political and exchange rate factors), differences in transaction costs (which are significantly higher in the European Union and many other countries other than the United States), restrictions on foreign ownership and information asymmetries arising from poor quality and low credibility of financial information in several countries, may cause a home bias for U.S. investors while investing their equities.

Under ideal conditions, the international model of asset pricing predicts that individuals hold equities in proportion of the global market capitalization of each stock. However, estimates have revealed that holdings of U.S. investors in foreign stocks constitute almost 12% of their total holdings. This puzzle can be expected to influence the method selected by investors to maximise the benefits of international diversification.

Investors who have direct access to foreign markets can purchase overseas equities or equivalent American Depository Receipts (ADRs) if they are available. For others, investment in diversified international mutual funds (including country funds) offers a semi-direct alternative.

However, these two methods (especially investments that target the equities of companies based in emerging economies) suffered significant reversals of capital flows following a series of economic and financial crises (currency) that took place in the second half of 1990s.

Therefore, for most investors based in the United States who continue to exhibit a home bias, it appears that there is a safer way to achieve the benefits of international diversification through investments in multinational corporations (MNC) based on U.S. territory.

However, empirical research has generated mixed results for the previous hypothesis. Some studies argue that U.S. MNC behave more like home firms with their respective share prices that vary in tandem with U.S. indices instead of international indices. U.S. investors who hold equities in home and multinational companies are cited as the main force that leads to such behavior in share price.

These results combined with additional evidence indicating low correlation between home and foreign indices lead us to include international share in a well diversified U.S. portfolio. On the other hand, some researchers have drawn conclusions in favour of diversified portfolios in home equities (composite MNC equities and other exchanged U.S. assets) that mimic the gains from investments in foreign equities.

Moreover, some previous empirical studies that put focus on the increasing levels of financial and economic interdependence in the world have shown that several sectors have gradually become global leaders through synchronized movements of equities and prices and have found increasing correlation between U.S. indices and foreign indices.

In this section, we will try to test the relationship between U.S. indices and other international indices, which will measure the benefits of international

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diversification, and then, we will explain home bias among U.S. investors.

II. Methodology and Hypotheses

We will follow the methodology adopted by Salehizadeh (2003). The author used techniques based on cointegration (like in Dickey, Jansen and Thornton (1991) and Hamilton (1994)) to examine degree of integration between U.S. and foreign markets indices.

Methods of cointegration have been used by Ely and Salehizadeh (2001) and Jiang (1998) to test the presence of a long-term equilibrium relationship between indices. More specifically, a time series vector of order $(n \times 1)$ is called cointegrated if each of its elements is individually integrated of order 1 (denoted $I(1)$).It is then non-stationary with a unit root and there is a nonzero vector ∀ of order $(n \times 1)$ such that $\forall' y_1$ is stationary. In this case, ∀is called a co-integrating vector.

Cointegration means that one (or more) linear combinations of variables is stationary even if these variables are not individually stationary. Since stock prices and indices are considered non-stationary variables that are frequently a $I(1)$ process, the cointegration test is specified to determine any long-term relationship between such variables.

The empirical approach consists in the following steps. First, it should be ensured that the variables are non-stationary and have the same order of integration. The unit root tests (using ADF [1]) are conducted on the y_t^1 series (degrees) and y_t^1 series (at first difference). Then, if we accept the hypothesis of integration of order 1 for each variable, then cointegration of y_t can be tested using Johansen's likelihood ratio test. The procedure is based on the estimation of the following regression equation (in vector form):

$$\Delta y_t = \pi + \Pi_1 \Delta y_{t-1} + \cdots + \Pi_{k-1} \Delta y_{t-(k-1)} + \Gamma y_{t-k} + u_t \qquad (1)$$

Where k is the number of shifts for the assumed VAR process, π is a vector of constant terms Π_t and Γ represent (n × n) matrices of OLS coefficients and u_t denotes the (n × 1) vector of OLS residuals. The likelihood ratio test is used to test the null hypothesis which states that there are no co-integrating relationships against the alternative hypothesis of n co-integrating relationships (where n is the number of elements of y_t).

For series found not cointegrated, we use several other tests based using the bivariate causality model proposed by Granger (1969) and Sims (1972):

$$S_t = c + \sum_{j=1}^{p} \alpha_j S_{t-j} + \sum_{j=1}^{p} \beta_j M_{t-j} + \eta_t, \qquad (2)$$

$$M_t = d + \sum_{j=1}^{p} \delta_j S_{t-j} + \sum_{j=1}^{p} \gamma_j M_{t-j} + \mu_t, \qquad (3)$$

Where S and M are two different market indices observed at time t, where p denotes lag length and η and μ are assumed to be uncorrelated in series with a zero mean and a finite covariance matrix.

For the M index to be Granger causally linked to S, the β coefficient should be different from zero in equation (2) and the δ coefficient should be zero in equation (3). The opposite is checked in order for S to be Granger causally related to M.

a) The Hypotheses

Our empirical study aims at testing the validity of one of these two hypotheses:

- *Hypothesis 1:* Investment should be made in foreign markets in order to diversify well portfolios and consequently reduce risk and increase home portfolio efficiency.
- *Hypothesis 2:* Investment in foreign markets does not increase home portfolio returns.

b) Presentation of data

Data are daily frequency. We will select ten indices namely: Euro (developed European countries index) EAFE Index (twenty-one developed countries) [2], WOR (index of all developed markets in the world: twenty three countries), WORE (the world without Europe Index) WORU (the world without the United States of America index), NA (North American countries index: the United States of America and Canada), LA (index of Latin American countries), EM (Emerging Markets Index: twenty six countries) EMEURO (European Emerging Markets Index) and Amasya (Asian emerging markets index). Then, we will consider four U.S. indices: the Dow Jones Industrial Average, NYSE, NASDAQ and SP 500. Daily closing values are taken from YAHOO-Finance.

International equity markets indices are in USD. They are taken from Morgan Stanley Capital International (MSCI). These indices consist of weighted data largely representative of equities of different countries. They are weighted with respect to equities with larger capitalization.

From these rates, which are end of period values , we will calculate returns. The study period stretches from 5 July 2006 until 04 July 2011.

[1] Augmented Dickey-Fuller

[2] Europe, Australia and far East countries.

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III. Empirical Results and Interpretations

a) Descriptive statistics of time series

Table (1) gives us the descriptive statistics of the examined fourteen markets indices:

Table 1 : Descriptive statistics

Characteristics	DJIA	NDX	NYSE	SP500	EURO	EAFE	WOR	WORE	WORU	NA	LA	EM	EMEURO	EMASIA
Mean	0,000178	0,000397	0,000123	0,000136	0,000113	0,000058	0,000095	0,000111	0,000079	0,000176	0,000725	0,000455	0,0003406	0,0004858
maximum	0,110803	0,125799	0,122162	0,115800	0,118935	0,085650	0,095232	0,089991	0,086183	0,109907	0,166070	0,105976	0,204435	0,1348689
minimum	-0,07873	-0,10519	-0,09725	-0,09034	-0,09852	-0,08436	-0,07063	-0,07167	-0,08492	-0,09066	-0,13980	-0,09511	-0,180667	0,0825948
skeweness	0,249645	0,133010	-0,06890	0,010163	0,262667	-0,12166	-0,20171	-0,20137	-0,12409	-0,12234	-0,02646	-0,22937	0,112817	-0,0781775
kurtosis	12,55622	10,35265	11,05516	11,85019	9,25394	9,329154	10,75433	11,68819	9,477472	11,7901	11,52433	10,10751	13,63196	9,514398
Median	0,000594	0,001219	0,000824	0,000873	0,000525	0,000809	0,000913	0,000851	0,000769	0,000677	0,001340	0,001177	0,0015274	0,0011615
Standard Deviation	0,014227	0,016460	0,016530	0,015581	0,018866	0,144772	0,013035	0,012749	0,014389	0,015347	0,022575	0,015993	0,0245579	0,0167308

In this table, we note that the average American indices (DJIA, NDX, NYSE and SP500) are generally higher than the average of other markets (except indices containing only emerging countries: LA, EM, EMEURO and EMASIA). Concerning standard deviation, we note that the U.S. markets have relatively inferior values than others especially those of only emerging countries. The maximum and minimum values explain this trend.

Pearson Kurtosis indicates that all distributions have an interesting kurtosis excess. Skeweness indicates that most indices returns distributions have longer left tails: left-tailed distributions. This indicates that most observations lay to the right of the median, with the exception of five indices whose distributions are right-tailed, i.e. most of the observations lie to the left of the mean.

Observed trends of the descriptive statistics show that the U.S. markets have higher and mixed values than those of developed markets but lower than those emerging markets. This conclusion contrasts that of Salehizade (2003) where the study period spans from January 1995 to May 2001. Consequently, we can locate a significant reversal in world markets which can induce changes in investor behavior.

However, standard deviations exhibit high volatility in all markets and especially the European markets (developed and emerging). This volatility is mainly due to financial crises.

b) The results and interpretations

i. *Correlation of returns*

Correlations of returns are given in table (2). The correlation of returns between the U.S. market index and another world index MSCI tells us about the extent of the benefits of international diversification. The lower the correlation, the greater the potential gains of a U.S. investor. Therefore, the inclusion of foreign equity in a diversified U.S. portfolio is highly recommended. This result is consistent with those of Kanas (1998), Longin and Solnik (1995) and Solnik (1996).

As expected, the largest correlations (possible winning month) are between the U.S. indices. However, although some markets include U.S. firms (NA and WOR), correlations with U.S. markets are very low. This can be explained by the decreasing capitalization of U.S. firms relative to foreign firms in the world index and the weak correlation between prices of the same U.S. firms in different markets.

Examining the DJIA index, which is small in terms of number of firms, but large in terms of capitalization, we find a very low correlation (-0.0004) with the WORE index (implying the greatest potential gain for U.S. investors). Then, we see that correlations for the LA, WOR, EURO and NA indices are -0.0008, -0.0033, -0.0050 and 0.0172 respectively with the DJIA.

In summary, investment in any foreign index will induce significant gains, especially the five indices that are less correlated with DJIA: WORE, LA, WOR, EURO and NA. This is in contrast to research that states that a high correlation is needed to obtain potential gains: Ammer and Mei (1996), Brooks and Catão (2000), Cheng (1998) and Kaplanis (1988). Table (2) shows the correlations between the different studied indices:

Table 2 : Correlation matrix between the different studied indices

	DJIA	NDX	NYSE	SP500	EURO	EAFE	WOR	WORE	WORU	NA	LA	EM	EMEURO	EMASIA
DJIA	1,0000													
NDX	0,9098	1,0000												
NYSE	0,9698	0,9064	1,0000											
SP500	0,9861	0,9321	0,9873	1,0000										
EURO	-0,0050	-0,0179	-0,0087	-0,0024	1,0000									
EAFE	-0,0291	-0,0481	-0,0360	-0,0280	0,9311	1,0000								
WOR	-0,0033	-0,0177	-0,0190	-0,0084	0,8527	0,8412	1,0000							
WORE	-0,0004	-0,0134	-0,0207	-0,0096	0,6569	0,6618	0,9504	1,0000						
WORU	-0,0280	-0,0468	-0,0363	-0,0275	0,9334	0,9967	0,8671	0,6979	1,0000					
NA	0,0172	0,0093	-0,0026	0,0079	0,5912	0,5163	0,8972	0,9652	0,5601	1,0000				
LA	-0,0008	0,0147	-0,0124	-0,0040	0,7381	0,7090	0,8379	0,7749	0,7383	0,7487	1,0000			
EM	-0,0335	-0,0543	-0,0424	-0,0365	0,7343	0,8362	0,7659	0,6662	0,8434	0,5292	0,7836	1,0000		
EMEURO	-0,0377	-0,0676	-0,0472	-0,0440	0,7690	0,7883	0,7135	0,5737	0,7987	0,4876	0,6943	0,8216	1,0000	
EMASIA	-0,0402	-0,0545	-0,0452	-0,0415	0,4923	0,6684	0,5248	0,4590	0,6609	0,2828	0,4727	0,8964	0,5869	1,0000

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ii. *Cointegration and causality test*

To examine the long-term relationships between the remaining indices, we will perform cointegration tests. First, each time series of a variable will be checked by the unit root test. Table (3) reports the ADF test results of the remaining indices:

Table 3 : The Augmented Dikey-Fuller test

Index	Statistic
DJIA	-35,361
NDX	-35,094
NYSE	-35,415
SP500	-35,351
WORE	-36,673
LA	-36,591
WOR	-36,882
EURO	-36,224
NA	-36,935

The ADF statistics show that all series are non-stationary and integrated at first order, implying that the returns are stationary. Then, we will apply the Johansen trace test for cointegration on the y_t vector of equation (1). This test will be applied to each pair of indices. Table (4) reports the different statistics:

Table 4 : Johansen's cointegration tests (Trace Statistic)

	WORE	LA	WOR	EURO	NA
DJIA	512,391	511,8536	522,6881	531,0546	508,7223
NDX	504,7409	509,4754	512,1067	525,9046	505,3028
NYSE	512,6021	512,3334	522,7783	529,0053	508,8457
SP500	512,5072	512,7601	520,6628	528,7656	509,7517

We used two lag intervals in the VAR and cointegration equations. The critical value at the 5% level starts at 15.41%. The values of the Trace statistics show that the hypothesis of non-existence of cointegration cannot be rejected for all pairs of indices and at all significance levels.

Then we will conduct Granger causality Wald tests for each pair of indices. Lag length is 1. The following table shows the different relationships between pairs and decisions on hypotheses:

Table 5 : The Granger Causality Wald test

Null Hypothesis	Chi2	Decision
DJIA is not causally related to WORE	7,2688	Accepted
DJIA is not causally related to LA	2,6368	Rejected
DJIA is not causally related to WOR	4,4929	Accepted
DJIA is not causally related to EURO	0,50922	Rejected
DJIA is not causally related to NA	7,2724	Accepted
NDX is not causally related to WORE	5,4069	Accepted
NDX is not causally related to LA	2,4532	Rejected
NDX is not causally related to WOR	3,4822	Rejected
NDX is not causally related to EURO	0,53134	Rejected
NDX is not causally related to NA	5,9313	Accepted
NYSE is not causally related to WORE	8,0091	Accepted
NYSE is not causally related to LA	2,8495	Rejected
NYSE is not causally related to WOR	5,0159	Accepted
NYSE is not causally related to EURO	0,66927	Rejected
NYSE is not causally related to NA	8,1122	Accepted
SP500 is not causally related to WORE	7,6743	Accepted
SP500 is not causally related to LA	3,058	Rejected
SP500 is not causally related to WOR	4,7494	Accepted
SP500 is not causally related to EURO	0,59431	Rejected
SP500 is not causally related to NA	7,73	Accepted

The failure to show the presence of a long-run equilibrium relationship between the four U.S. indices and the other indices support correlation and hence the potential gains from international diversification. To better understand the relationship between the non co-integrated pairs, we applied the Granger causality test as indicated by equations (2) and (3).

Table 5 shows that the hypothesis of non-existence of a Granger causality relationship between U.S. indices and LA is always rejected. The same is true for EURO. Concerning WORE, WOR (except its relationship with NDX) and NA, the hypothesis is always accepted. We can then conclude that the U.S. indices have no influence on European and Latin American markets. Consequently, a U.S. investor needs to

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diversify their portfolio by investing in these indices. It should be noted that these results are logical because WORE, WOR and NA contain U.S. firms.

iii. *Portfolio of U.S. multinational corporations (MNCs)*

Errunza et al. (1999) indicated that the inclusion of U.S. multinational corporations (MNC) in a diversified home portfolio can have a positive effect on returns. These researchers examined monthly data and thirty MNCs. Their study period ends in 1993.

Salehizadeh (2003) used daily data of forty seven MNCs from different sectors. The study period runs from January 1995 until May 2001. His findings corroborate those of Errunza et al. (1999).

Like Salehizadeh (2003), we will use the SP500 index as a home benchmark. It consists of five hundred selected stocks based on the criteria of size, liquidity and industry. It is an index weighted by market value (share price multiplied by outstanding equities). Each weighting of a stock in the index is proportionate to its market value.

Then, we will build a diversified home portfolio that includes 46 MNCs to test the possible substitution of foreign equities by U.S. MNCs. We will calculate portfolio correlation with world indices and the correlation of the combination of SP500 and the portfolio with these indices (equal weights combination).

Table (6) reports the correlation of daily returns between the home portfolio (SP500), MNCs portfolio and the combined portfolio on the one hand, and the five market indices previously used (WORE, LA, WOR, EURO and NA) on the other hand:

Table 6 : Correlation of portfolios

Portfolio	WORE	EURO	WOR	LA	NA
SP500	-0,0096	-0,0024	-0,0084	-0,0040	0,0079
MNC	-0,0176	0,0192	-0,0031	0,0009	-0,0212
Mixed	-0,0170	0,0197	-0,0026	0,0026	-0,0209

Correlations reported in this table leads to conflicting conclusions. If we reason in absolute value, we note that the MNC portfolio is more correlated with the world indices of WORE, EURO and NA. This can be explained by the presence of these MNCs in these indices. However, the SP500 portfolio is better correlated with WOR and LA. More precisely, we know that WORE is the world index without Europe, LA is the Latin American markets index and NA is the North American markets index. Then, the incorporation of MNCs increased portfolio correlation with the selected five markets. However, this correlation remains low and hence we can conclude that it is necessary to diversify home portfolio by purchasing foreign equities.

For the WOR and EURO indices, the incorporation of MNCs in the home portfolio had a negative effect on the correlation with world markets. U.S. multinational corporations have failed to follow the potential equity additional returns. Therefore, there is a need to invest in foreign markets in order to diversify well the portfolio and consequently reduce the risk and increase the home portfolio efficiency. Accordingly, and as proposed by Errunza et al. (1999) and Salehizadeh (2003), we confirm the first hypothesis.

In summary, U.S. investors have missed opportunities to maximize returns on their portfolios and minimize home-bias risk. This bias is caused mainly, first, by information asymmetry, second, by hunting down returns phenomenon and thirdly, by investors' preference for geographic proximity.

Since 1980, economic reforms and liberalization of world markets have attracted U.S. investors. Therefore, researchers assumed that international diversification is beneficial. However, the continued existence of risks and international barriers produced home bias in these investors who trusted more U.S. MNCs to acquire more gains from international diversification.

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Nurturing and Assessing Thinking Skills: An Evidence-based Approach

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Abstract- Discourses at all major academic forums, huge concern have been raised regarding lack of readiness for social and professional life in school and college pass outs. Education systems around the world realized need to reorient education towards learning skills for work and life, invariably referred as core or generic or 21st century skills. Thinking skills predominantly occupy the suggestive list of skills required for success in 21st Century. Growing emphases on thinking skills necessitated to design innovative school curricula, integrated teaching-learning processes and a technically robust assessment system.

This paper draws on global policy debates, discussion papers and conceptual frameworks proposed by different groups. It analyses relevant conceptual frameworks in order to evaluate significance of component sub-skills. It highlights the issues associated with evidence-based teaching-learning and assessment of thinking skills; and suggests strategies to deal with the issues.

Keywords: *thinking skills, standards, evidence-based assessment and evidence based teaching.*

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Abstract- Discourses at all major academic forums, huge concern have been raised regarding lack of readiness for social and professional life in school and college pass outs. Education systems around the world realized need to reorient education towards learning skills for work and life, invariably referred as core or generic or 21st century skills. Thinking skills predominantly occupy the suggestive list of skills required for success in 21st Century. Growing emphases on thinking skills necessitated to design innovative school curricula, integrated teaching-learning processes and a technically robust assessment system.

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I. Introduction- A Thinking Perspective

Learning and high performing education systems around the world define their educational goals as – What a student (or learner) can know, can do and can think, after spending a specific number of years in the system. The degree of attainment of these goals is measured through well defined processes of assessments, using different tools. Analogous to physics or chemistry experiments conducted in most of school science laboratories, the entire process revolves around pre-determined expected outcomes or objectives. It is not an exaggerated statement that defining learning outcomes is pivotal in outcome based education systems. After going through a learning experience of few days or say months, a group of students, say 10-20% may be able to achieve mastery in titration or microscopy skills and the associated concepts. Another group, say 80-90% may achieve a satisfactory level of performance. But, to interpret with the same level of objectivity that 10% of the class has achieved mastery level of logical reasoning is challenging.

- Are knowledge and skills related goals independent of thinking education goals?
- Which educational goals are more (or less) important- knowing, doing or thinking?
- Which of these goals would have (or have had) greater impact on way of life?

Answers to such questions may be explored through some revolutionary examples or set of examples from History.

Example 1: Aristotle (384-322 BC) said that a hundred pound ball falling from a height of one hundred cubits hits the ground before a one-pound ball has fallen one cubit. Galileo said they would arrive at the same time. How could people find out that who was right?

Example 2: Copernicus in the sixteenth century tentatively suggested that the Sun was at the centre of the Universe and that the Earth and other planets revolved around it. Before, it people could not think that a heavy body with mountain and water could also revolve. Copernicus, too, did not arrive at this conclusion through observation or any experimentation. He did so by thinking.

Example 3: Lamarck's theory of inheritance of acquired traits was based on observations like Giraffes stretch their necks to reach leaves high in trees that results in strengthening and gradual lengthening of their necks, and also offspring with slightly longer necks. A flamingo's legs get longer because it is always stretching up to avoid contact with water. These ideas led him to evolutionary theories that individual efforts during the lifetime of the organisms drive adaptation and the acquired adaptive changes pass on to offsprings.

Example 4: Darwin and Wallace both were of similar opinion about evolution and were co-discoverers of the natural selection. But, they differed in their approach. Darwin's conclusions about origin of species were largely drawn from detailed observations and evidence of facts made during his voyage of discovery. Wallace enjoyed reading widely, spent years in Amazon basin, exploring and collecting samples. Was it mere observation or reading or something else that demystified the process of evolution?

How did scientists' or common men's thinking about the evolution of life change from Lamarck to Darwin? How did people decide which was more relevant? What is similar in all above examples is that individual thinking challenged and changed the way people think and changed the existing body of knowledge. These examples are just a few illustrations

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of power of thinking, but how difficult it would be to rank who was a better thinker- Lamarck or Darwin or Wallace? Magic of thinking is felt in the memoirs of Richard Feynman 'Surely You're Joking, Mr. Feynman!'

"… So the guy says, "What are you doing? You come to fix the radio, but you're only walking back and forth!" I say, "I'm thinking!" Then I said to myself, "All right, take the tubes out, and reverse the order completely in the set." (Many radio sets in those days used the same tubes in different places--212's, I think they were, or 212-A's.) So I changed the tubes around … He fixes radios by thinking!" The whole idea of thinking, to fix a radio--a little boy stops and thinks, and figures out how to do it…"

(pp6, Feynman, 1985)

II. Thinking Skills as Educational Goals – what has Changed and why

Emphasis on thinking skills in education is not a new paradigm. It was always emphasized by the educationists, especially by those from constructivism school of thought (Dewey, 1938; Piaget, 1936, 1957; Vygotsky, 1978, Bruner, 1985). John Dewey (1916, 1938), one of the most influential education philosophers and reformers in the 20th century advocated education that would fulfill and enrich the lives of students as well as prepare them for the future. According to him, the purpose of schooling was to allow children do things and live in a community which gave them real, guided experiences that could foster their capacity to contribute to society. Jean Piaget (1936, 1957) was surprised to deal with the reasons children gave for their wrong answers for the questions that required logical thinking. Vygotsky (1934, 1978) established a strong correlation between thinking and speaking process. Bruner (1985) argued the curriculum should not center on accumulating factual knowledge like it does today but rather focus on enabling the students to understand acquiring several big ideas.

What's actually new is the changed sociocultural and economic context that requires different skill sets for development of individuals and societies that the skill sets needed in 20th Century. Frank Levy and Richard Murnane (2004) attributed it to one of the key difference between two centuries:

"Declining portions of the labor force are engaged in jobs that consist primarily of routine cognitive work and routine manual labor—the types of tasks that are easiest to program computers to do. Growing proportions of the nation's labor force are engaged in jobs that emphasize expert thinking or complex communication—tasks that computers cannot do…" (pp. 53–54)

The economist duo emphasized the need of expert thinking. One may argue that there are examples of thousands of successful persons possessing these novel skills - either innate or acquired, in earlier centuries. But, in global communities striving to achieve goals of equity and sustainability, these skills must become universal. Today we cannot afford a system in which opportunity for acquisition of such skills is confined to the few. Policymakers began to believe that as survival skills in a society change, educational needs change considerably. This resulted in education reforms in different parts of the world, which marked a remarkable shift from "skills that are novel" to "skills that must be taught deliberately and effectively".

But this shift is not going to be so smooth. It would necessitate a revamping of the way we plan and think about content and curriculum. The Partnership for 21st Century Skills (2004) has identified five key learning and thinking skills crucial for success in today's world: critical thinking and problem-solving skills; communications skills; creativity and innovation skills; collaboration skills and contextual learning skills; and, information and media literacy skills.

These skills are significant because employers prefer these skills in their human resource. A survey "*Are they really ready to work*" conducted by the P21 consortium revealed that about three fourth employers seek abilities like critical thinking, problem solving, innovation and creativity in their human capital, but these abilities were found to be deficient in about 70% school pass outs (Lotto and Barrington, 2006). Transformation of today's school students into tomorrow's effective workforce demands bridging the gap between: what kind of workforce is needed and what is being produced.

Inclusion in school curricula and emphasis on teaching and assessing these skills in regular classrooms is a recent phenomenon. This makes it crucial to clearly articulate that what are the component skills and sub-skills and how do students of a specific age group demonstrate them.

III. Conceptual Frameworks: Where are we Today

Researchers and cognitive scientists had established significance of thinking skills and defined them in the latter half of 20th century (Watson and Glaser, 1980; Ennis, 1985; Mayer, 1992; Paul, 1995; Mayer and Wittrock, 1996), but it was only in 21st century when policy makers and educators felt the need to operationalise the construct of these skills to facilitate teaching and assessment in the classroom (OECD, 2004; P21, 2009; Binkeley *et al*, 2010; OECD, 2013). Thinking processes mentioned in these conceptual frameworks may differ, but there are many commonalities like -

- the need to make thinking skills like critical thinking, creative thinking and problem solving explicit component of school curriculum
- going beyond thinking abilities to include affective domain, social skills and dispositions

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- inclusion of metacognitive perspective
- linking thinking skills to social and technological aspects like collaborative learning, computer mediated learning, etc
- widening the scope of thinking curricula to thinking classrooms and thinking schools or systems.

The partnership for 21st Century Skills Framework (2006) and other P21 publications visualize thinking skills from college and workforce readiness angle (P21, 2009). The framework developed by the Committee on the Assessment of 21st Century Skills, National Research Council (NRC) has also categorized the knowledge and skills from college and career readiness point of view into cognitive, interpersonal and intrapersonal skills (NRC, 2011). Compared to these two, Assessment and Teaching of 21st Century (ATC) Skills Organization has based its framework on the model of knowledge, skills and dispositions to place 21st century skills under four groups- ways of thinking, ways of working, tools for working, and living in the world (Binkley *et al*, 2010).

OECD framework (2005) includes life plans, defending rights, interest and has specified that these skills are contextual. For instance, what is expected from the students in a democratic country in the twenty first century is the ability to analyze responsibilities of a democratic government as well as the rights and responsibilities of the citizens of a democratic government. They must understand nation wealth in its true sense, not only in terms of GDP, but in terms of its resources, including quality of human life and resource. They should be able to manage conflicts among experimental evidence and common sense and find different ways to evaluate the ways in which one can acquire reliable knowledge from media.

These approach is deeply embedded in the National Curriculum Framework of India (NCERT, 2005) and skills like commitment to democratic values, independence of thought and action, learning to learn, sensitivity to other's well being, ability to participate in democratic processes and societal changes, aesthetic appreciation and creativity, have been grouped under the construct of individual and social well being. The framework underlines the need to foster thinking skills like application, analysis, critical thinking, problem solving, reasoning and metacognitive skills like self awareness, introspection, and reflection among school students. Affective components like collaboration, motivation, interest, curiosity, joy of learning find a prominent place in the framework.

IV. Challenges of Implementation

1. What is missing in these frameworks is evidence that how do students (or people) of a specific age group demonstrate these behaviour. This poses difficulties for teachers and teaching practitioners to adapt their classroom curriculum and practices.
2. Given that the curriculum is already loaded, a major challenge is what to deprioritize and why, to enable students achieve mastery of thinking skills.
3. Beyond curricular issues, classrooms don't have capacity of 21st century learning and teaching, primarily because many of the high-stakes tests like curriculum exit examination or entrance examination to tertiary education do not assess competencies that link knowledge and understandings to real world situations. Abilities to effectively utilize various forms of mediated interaction are typically not assessed.
4. Lack of professional development is another reason 21st century skills are underemphasized in today's schooling.

The list is a mere illustration that what need to be worked. Setting right standards and assessments to improve learning can be seen as the starting point(s) for a learning culture motivated to thinking skills among its citizens.

V. Setting Standards to Support Evidence based Assessments

Standards have the ability to inform the stakeholders- what do we expect from students to know, to do and to think (i.e. content standards), and how much (i.e. performance standards. They facilitate teachers plan learning experiences, and help to decide the appropriate evidence for a learning outcome. Once standards are right, assessments provide information on

- how much of the standards have been achieved by the students and what more students can do to improve their learning
- evidence of effectiveness of teaching strategies and modification, if needed
- what parents, teachers and students can do in order to support the student improve further in these areas of learning

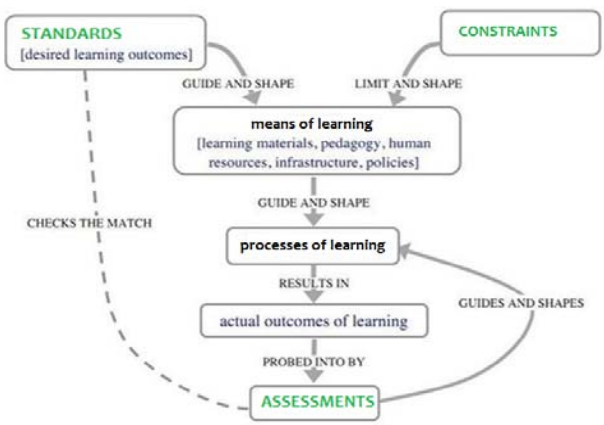


Figure 1: A Typical Learning Cycle Guided by Standards

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A system led by standards relies heavily on evidence and encourages students to monitor their own progress demonstrate what they have learnt. It can be seen in Figure 1 that evidence based learning systems have two major components – evidence based standards and evidence based assessments that work in a coordinative manner. Gathering evidence of students' learning, analyzing the evidence to generate information to estimate the current status of the student (without judgement) and help them plan and follow the developmental journey – is the fundamental premise of evidence based developmental teaching and assessment.

a) Considerations in Evidence-based Standard Setting for Thinking Skills

The main challenge in measurement of thinking skills is that several of them are demonstrated as a dynamic interaction between cognitive and non-cognitive domain. These skills have remained ignored for number of years by the educationists and educators and still assumed to be immeasurable aspect in educational assessments. Fortunately, potential exists today to produce assessments that measure thinking skills and are also reliable and comparable between students and schools—elements integral to efforts to ensure accountability and equity (Silva, 2008). But efforts to assess these skills are still in their infancy.

The standard-setting process for thinking skills will require deliberate and thoughtful integration of policies, principles, research and practices (Figure 2).

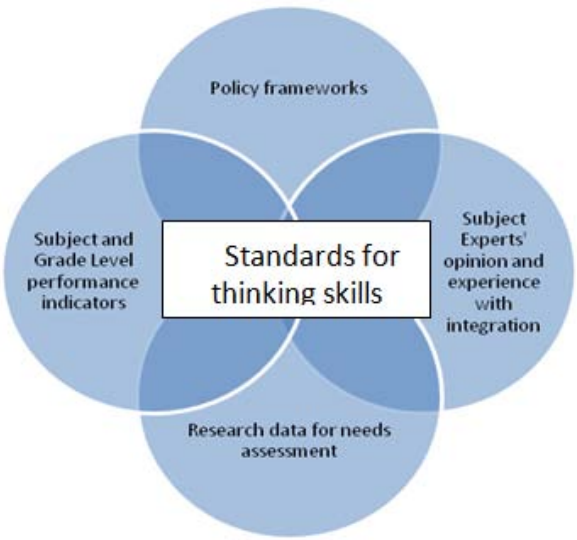


Figure 2 : Integrated Model of Evidence-based Standard Setting

The process must draw on policy claims related to performance indicators through systematic research to guide content experts. These performance indicators need to be aligned to subject specific standards at different levels. Research suggests that efforts to improve thinking are most successful if embedded in school curriculum, rather as a separate programme or project. Performance indicators for thinking skills cannot be seen in isolation.

VI. Strategies of Evidence-based teaching-Learning and Assessment

Evidence based teaching is a challenge for leaders, thinkers and educators, too. There is need to

- describe what does it mean to grow in each of the domain/criteria (content standards) more clearly so that the teachers, students and parents have a shared understanding of what they need to do to improve,
- determine the areas of proximal development on the continuum, where interventions to nurture these skills could be most effective
- develop exemplars of behaviour that students of a specific age group demonstrate
- determine the develop exemplar learning and assessment tasks

This would enhance chance of getting more consistency in the assessment of thinking skills across the schools and across the systems. It would enable and encourage students to self assess where they lie on the developmental continuum and what they need to do to move along, enabling them to own their learning. This challenging task may be achieved in following exemplar steps (that are not necessarily distinct and progressive)

Step 1: To identify and ascertain key skills, say critical thinking, innovation, creativity, decision making, communication, collaboration and empathy, on the basis of policy documents and research

Step 2: To describe and map holistic performance levels in terms of how do students demonstrate these skills vis-à-vis subject specific competencies

Step 3: To identify assessable component skills and map progression of observable behaviour against each. It is necessary that performance levels are directly observable, so that.

If Rohit and Riya have been located at second level of performance for interpretation skills, both demonstrate same level of interpretation skills most of the times.

Whether they are judged by Mrs. Sen or by Mr. Agrawal, their achievement level remains the same i.e. at the second level.

Step 4: To define the developmental continuum after validating the progression in students' behaviour.

For example, interpretation, reasoning, evaluation, analysis, decision making and empathy, the key processes required for critical thinking may be mapped as Figure 3 (Sharma, 2013).

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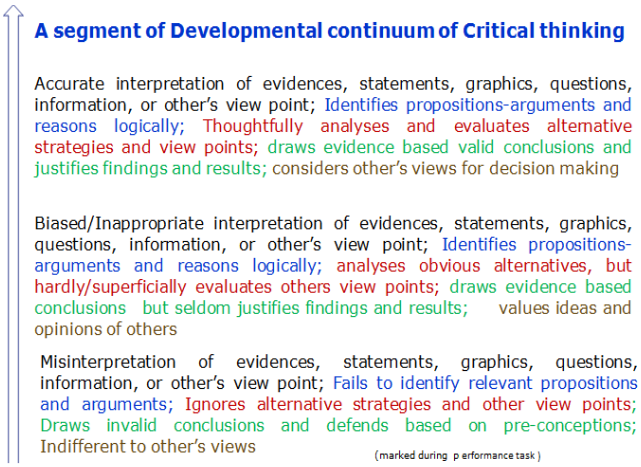


Figure 3 : A segment of developmental continuum of critical thinking

Creativity is another significant skill set that is a combination of cognitive skills and skills of affective domain, accompanied with a high degree of sociocultural context. Creative people respond to situation in an innovative and novel way and belief in their ability to generate new and meaningful ideas (Beghetto and Kauffman, 2010; Sternberg, 2010). Although creativity is a set of core skills, it entails both domain specific and domain neutral components.

Step 5: Using developmental continuum to guide classroom strategies. Such strategies provide opportunities to the teachers for

- designing **evidence-based personalized learning strategies** for the different clusters (groups) of students on the basis of their location on the developmental continuum
- gathering evidence of learning and estimating performance level through questions, projects allowing teachers' observation, problem based learning, inquiry learning, group discussions, assessment of final product or portfolios- collection of sample of evidence by the students, etc.
- engaging students in peer assessment, self assessment, review and reflection.
- reporting and monitoring students' performance and growth in a meaningful manner. Developmental continuum provides a point of reference for reporting and monitoring.

Here it is worth mentioning that

1. all students don't follow exactly the same path
2. it is not necessary that a particular student would be at second level for each of the assessment criteria
3. all students may not display all of these behaviour at any single time.

These paths represent typical pattern and individual differences need to be always respected, accommodated and adapted. Multiple observations and evidence are needed before making judgement about the performance level of a learner. Therefore, teacher expertise remains the main link (often considered as weakest link) in implementation of reforms

In nutshell, these skills are manifestations of a complex and dynamic interaction between cognitive knowledge and skills and noncognitive as well as metacognitive components of learning; and have domain specific as well as domain independent components. All these pose severe problem in measurement of these skills. Ambiguity of the constructs is another big challenge. The key to success is to design learning and assessment tasks pitched at an appropriate level of difficulty and complexity; ensure that these tasks are contextualized in real-life scenario; and, provide students with ample opportunity to demonstrate their thinking processes.

VII. Way Forward

Critical issue is not teaching students how to think, what to think, or how to think and work in group to improve output. The issue is to design a better curriculum, better teaching, and better assessments to realize the goals of education reforms, aspiring to cultivate thinking skills required for survival and success in 21st century. Efforts to create more formalized common standards would help address some of the challenges by focusing efforts in a common direction. Simultaneous improvement in curriculum and assessment would be crucial. All these in turn require a sustainable model of professional development of teachers and an enabling environment.

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The Factors that Predict Systematic Police Bribery in Kenya

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Abstract- *Objective:* This paper identifies the factors that predict payment of a bribe to the police at the individual level in Kenya.

Scope: Based on a survey of 2,399 respondents, the study's dependent variable isself-reportedpayment of bribes to the police. Independent variables include bribesto receive various public services, and selected social and demographic indicators. The analysis is restricted to those persons who self-reportedpaying a bribe compared to those that possibly could have, but did not report paying a bribe.

Major Findings: The most important finding was the analysis confirmedthe literature's suggestion aboutthe existence of a culture of bribery in Kenya; multiple respondents reported paying multiple bribes. The payment of bribes to receive documents was the strongest predictor of payment of police bribes in the logistical regression analysis, and was just the tip of the iceberg.

Conclusion: The findings related to the payment of police bribes and payment of bribes in other service provision areas were exceedingly strong. However, these findings do not apply to the entire country, and are limited to areas of Kenya which have more developed intra-structures.

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I. Introduction

Recently Peiffer and Rose (2014) asked the question: "Why do some Africans pay bribes and others do not?" This paper attempts to take a closer, more focusedlook at that question by attempting to identify the factors that predict individual level payment of bribes to the police,the institution Peiffer and Rose labeled as the most corrupt in their sample of African countries.The research setting is Kenya, which topped the list ofmost corrupt countries in their African sample. Besides payment of bribes to the police, the survey instrument asked a series of questions regarding payment of bribes for basic public services, healthcare, receipt of documents, sanitation services and school services, basic intra-structure services, hence, intra-structure in the paper's title. The study is unique because it compares those respondents who self-reported paying bribes to the police from those that had the opportunity, but did not report paying a bribe.

Scope of Corruption: Corruption can occur on different scales. There is corruption that occurs as small favors between a small number of people (petty corruption). There is corruption that affects the government on a large scale (grand corruption), and corruption that is so prevalent that it is part of the everyday structure of society(systemic corruption). Petty corruption occurs at a smaller scale and within established social frameworks and governing norms. Examples include the exchange of small improper gifts or use of personal connections to obtain favors. This form of corruption is particularly common in developing countries and where public servants are significantly underpaid. This paper will focus specifically on petty corruption, which in Kenya's case meets the criteria to be called systematic.

Corruption in Africa: As Chitakunye et al. (2015) indicated, corruption has been described as an intractable global problem from which no nation or region can claim any exemption. Corruption in Africa has been described as a culture (Hope, 2014) and is seen as part of the social fabric of African countries.(Blundo and de Sardan, (2006)Daily life in Africa is governed by the 'petty' corruption of public officials in services such as health, transport, or the judicial system. There is a growing body of literature about the extent and impact of corruption on other societal domains in developing countries, like infrastructure (Kenney, 2006), provision of health care (Young, et al, 2014), foreign aid (Asongu,2012), the public's confidence in public institutions (Clausen,Kraay and Nyiri, 2011).Anoruo and Braha (2005) reported that corruptiondirectly retards economic growth by lowering productivity, and indirectlyby restricting investment. Justensen and Bjornskov (2012)describe corruption as a major source of slow development in Africa, and indicated that corruption and bribery are directly related to poverty because poor people rely on services provided by the government and therefore more likely to be victimsof corrupt behavior by street level government bureaucrats. Which means poor people are those most likely to pay more than their fair share of bribes.

While some see corruption as the sand in the wheels of growth, (Wei, 2000), others see corruption as having a positive effect on countries, acting as the grease that moves the economic development process along (Meon and Seekat, 2005) Some have argued that corruption may serve a useful function when it causes commerce to work more effectively. Some scholars take the position that bribery in general may be ethical in cases where it may be a helping hand, but unethical when it is paid to a grabbing hand where nothing is offered in return for the payment(Colombatto, 2003;

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Egger and Winner, 2005;Houston, 2007). Wong and Beckman (1992) developed a point system to determine whether the helping or grabbing hand predominates.

Corruption and infrastructure in Kenya: The rationale for this paper is provided by several earlier studies generated by the Afrobarometer Project, the data source used in this research. Besides Peiffer and Rose (201), these include Justensen and Bjornskov (2012), Richmond and Alpin (2013)and Bleck and Michelitch (2015). Peiffer and Rose indicated that the Afrobarometer studies show a range of levels of bribery, with Kenya showing the highest percentage of respondents paying a bribe, 49 percent. Nigeria was tied with Uganda second place on that list with both reporting 42 percent of respondents paid a bribe.They also indicated that the police were identified as the most corrupt institution in Kenya, a finding echoed over and over in the African literature. Peiffer and Rose stressed that one major value of surveys such as Afrobarometer is that they focus on the experience of a representative sample of citizens in the encounters they have with low-level officials delivering public services in their local areas.

One recent interest has been infrastructure, or the lack there of in Africa. Afrobarometer has published several recent papers on this topic One important paper was produced by Leo, Ramachanddran and Morello (2015). They noted that the need for infrastructure improvements is a top level economic, political, and social issue in nearly every African country. They also note there is an extensive academic and policy literature about the impact of infrastructure deficits on economic and social indicators. Yet, very few studies have examined citizen demands for infrastructure. Leo, Ramachandran and Moeello produced infrastructure data from 33 countries included in Afrobarometer Round 5. The purpose was to move toward a basic understanding of service availability as perceived by citizensin each country. They found a predictable pattern of infrastructure services across income levels – lower-income countries have fewer services. The survey data also allowed the authors to observe the sequencing of infrastructure services. While survey respondents were most concerned with jobs and income-related issues, they were also concerned with the availability of infrastructure, specifically transportation and sanitation. These are priorities which transcend demographic factors, including gender and location (urban/rural).

Another recent Afrobarometer paper by Bleck and Michelitch (2015) dealt with a single country,Mali, and thus serves as a precursor to the purposes of this paper. That paper provides the perspectives of rural Malians living on the border of state- and rebel-controlled territory during a major crisis in the country, a coupe and a secessionist insurgency. Using a mixed methods approach, Bleck and Michelitch found it was not the political situation that rural villagers found.as “the crisis”. Rather it was the unmet needs for public services and infrastructure. The state breakdown mattered less because the state had not been present in the first place. Rather than the state, villagers were largely reliant on local traditional authorities. The authors concluded that the salience of villagers’ concerns about public services and infrastructure, as well as general insecurity related to basic needs, were consistent with the rest of Africa. In fact their findings echoed cross-national Afrobarometer data (2012-2013) on public service provision across rural and urban areas. Their conclusion was that for all sub-Saharan African countries, the urban-rural gap is large, with absolute levels of rural provision low, and countries are inconsistent in provision of services across all infrastructure indicators.

II. Method and Materials

The study’s data source is Afrobarometer, an independent, non-partisan research project that conducts surveys in more than 30 African countries, and they are repeated on a regular cycle. This study is based on Round 5 which the Project conducted in Kenya.in 2011.Like the previous surveys, round 5 consisted of face to-face interviews with Kenyans 18 years of age and older. The sample consists of 2,399 respondents based on interviews conducted in multiple languages. The sampling frame included all of Kenya’s provinces and the final sample provides estimates of the national population of all adults in Kenya that is accurate to within a margin of error of plus or minus 2 percentage points at a confidence level of 95 percent.The sampling procedures that are used in all Afrobarometer surveys are explained in detail in Bratton, Mattes and Gyimah-Boadi (2005).

Measures and Statistics: The dependent variable: The study’s dependent variable is payment of a bribe to the police. Survey respondents were asked a series of questions about payment of bribes. The questions were asked as “in the past year, how often, if ever, have you had to pay a bribe, give a gift or do a favor to government officials?” Fixed responses for this and the other questions in the series were as follows ; never, once or twice, a few times, often, no experience with this the last year and don’t know. Responses to the police question were coded as follows; never and no experience with this in the last year were coded 0 (no), and once or twice, a few times and often became 1 (yes). This dichotomous variable provides the basis for the logical regression analysis presented below.

The independent variables: The study’s independent variables include the other types of services on the list where possible bribes could have been paid.These included to obtain a document, receive water or sanitation services (sewer), receive treatment in a

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hospital or health clinic, or to receive admission or extra services in schools for a child. All of these measures were coded in the same manner as the study's dependent variable, either a yes (1) or a no (0).The interviewer and supervisor attempted to verify the availability of those public services in the respondent's local area. Respondents were also asked to rate whether obtaining certain public services was easy or difficult. They were also asked about their perceptions of the police, did the respondent trustthem?Do you think the police are corrupt? Other questions related to the police were recorded by the interviewer and verified by the supervisor, namely whether the police were visible in the area and whether a police station was located in the area. Respondents were asked whether they had been a crime victim within the last year, either a property crime victim (was something stolen from their house?) or were youor someone in your family a violent crime victim (Were you or someone in your family physicaslly attacked in your home?These Kenyan respondents were not asked to report their income in the Afrobarometer survey.As Bratton (2008) indicated this is because many citizens in poor countries operate in informal marketswhere cash transactions, including income, are unrecorded and difficult to measure.Instead, this research used what is called an Asset-based WealthIndex, a summed index created from three questions that ask abouthousehold assets. The survey asks respondents: "Which of these things do you personally own: A radio?A television? A motor vehicle, car or motorcycle?" Responses to these questions are binary (0=don't own; 1=own),

Some of the study's control variableswere measured by a single item, like age, gender, religion, employment status, residence (rural or urban),and education, which was collapsed into 5 categories, which ranged from a none category to college/university graduation and graduate school.The samples basic demographic characteristics are displayed in Table 1.

Table 1 : Demographic Characteristics of the Kenyan Sample (N=2 399)

Variable	N (%)
Age	
18 through 29	967 (41)
30 thru 49	1 030 (43)
50 and over	386 (16)
Gender	
Male	1 200 (50)
Female	1 199 (50)
Religion	
Christian	2 054 (86)
Muslim	237 (10)
None	108 (5)
Education	
No formal/informal schooling	165 (7)
Some / Primary school completed	849 (35)
Some /completed high school	960 (40)
Post-secondary/qualifications	306 (13)
Completed University	112 (5)
Employment	
Unemployed	1 319 (55)
Employed part time	491 (21)
Employed full time	582 (24)
Residence	
Urban	919 (38)
Rural	1 480 (62)
Asset-based Wealth	
None of these	405 (17.0)
Radio	1 079 (45.4)
Radio and TV	671 (28.2)
Radio, TV and motor vehicle (car or motorcycle)	224 (9.4)

Table 1 showed that this Kenyan sample was rather young, with only 16 percent over 50 years of age, with43 percent found in the between 30 and 49 years of age group. Afrobarometer samples are drawn to equally reflect the sexes, and Table 1 shows that was achieved in this Kenyan sample. The sample was primarily Christian, 86 percent, rural, 62 percent and over half the sample was unemployed; 24 percent reported having full time employment. There was a range of responses to the educational attainment question, from none or informal education only. 7 percent to college or graduate school completion, 5 percent. Some high

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school or completion of high school accounted for40 percent of the sample. A higher percentage of respondents reported owning none of the possessions listed in the question about ownership, 17 percent, compared to 9.4 percent who reported owning a radio ,TV and a motor vehicle (including motorcycles). Note that race was not included in Table 1, because there was no variation by race in this sample, with 98.9 percent of the respondents listed as Black Africans.

The next step was to examine the payment of bribes measures and the questions which revealed whether certain infrastructure services were available in the local area. Those indicators are displayed in Table 2.

Table 2 : Payment of bribes, Infrastructure availability

Variable	N (%)
Bribes	
Paid Bribe to police	
Yes	764 (32.1)
No	1 616 (67.9)
Paid Bribe to obtain document	
Yes	930 (38.9)
No	1 461 (61.1)
Paid a bribe to receive water/sanitation services	
Yes	417 (17.5)
No	1 961 (82.5)
Paid bribe to receive health care/ treatment	
Yes	661 (27.8)
No	1 715 (72.2)
Paid bribe for school services/placement	
Yes	409 (17.2)
No	1 971 (82.8)
Infrastructure	
On electric grid	
Yes	1 711 (71.3)
No	688 (28.7)
Piped water in area	
Yes	1 087 (45.3)
No	1 312 (54.7)
Sewer system in area	
Yes	386 (15.3)
No	1 943 (81.0)
Could not determine	88 (3.7)

Table 2 shows that 32.1 percent of this Kenyan sample reported paying a bribe to the police within the last year. Another 38.9 percent reported paying a bribe to obtain a document, 17.5 percent reported bribes for sanitation services, 27.8 for health care, and 17.2 percent for school admission or extra assistance for a child at school. In terms of the availability of infrastructure in the local area, 71.3 percent of respondents lived where the electricity grid was available, 45.3 percent lived where piped water was available and 15.3 percent resided in an area which had a sewer system.

The next series of questions were those that asked respondent perceptions about either the difficultyor ease in accessing or receiving public and police services, whether there was a police station in their local area, whether police were visible in the area, and finally whether in the last year they had been victims of either a property or violent crime in their homes. The responses to these questions are displayed in Table 3.

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Table 3 : Respondent perceptions of ease or difficulty in accessing/receiving public and police services

Variable	N (%)
Documents,licenses,passports	
Difficult	1 884 (80.7)
Easy	450 (19.3)
Household services, water, electricity	
Difficult	1 446 (70.9)
Easy	595 (29.1)
Place child public school	
Difficult	1 575 (74.3)
Easy	544 (25.7)
Medical treatment at a public clinic or hospital	
Difficult	1 353 (58.0)
Easy	978 (42.0)
Receiving help from the police	
Difficult	1 575 (74.3)
Easy	544 25.7)
Police visible in area	
Yes	767 (32.0)
No	1 632 (68.0)
Police station in the area	
Yes	871 (36.3)
NO	1 504 (62.7)
Can not determine	24 (1.0)
Respondent violent crime victim	
Yes	266 (11.1)
No	2 126 (89.9)
Respondent property crime victim	
Yes	790 (33.0)
No	1 606 (67.0)

Table 3 shows that, overall these Kenyan respondents felt receiving public services was difficult. In terms of obtaining documents, 80.7 percent thought it was difficult, 70.9 percent felt the same about acquiring household services, like water and electricity, 74.3 felt it wasdifficult to place children in public schooland 58.0 percent thought receipt of medical services was difficult.In terms of the police,74.3 percent thought receiving help from the police was difficult.

Also included in Table 3 were indicators of police visibility and proximity. Police were visible in areas where 32.0 percent of the respondents resided and there was a police station in the local area of 36.3 percent of the respondents. The questionnaire did not include any measure of direct involvement or contact with the police, but respondents were asked about crime victimization within the last year. About one third of the respondents, 33.0 percent, had something stolenfrom their homes and 11.1 percent or family members had been victims of violent crimes in their home within the last year.

The final task in the analysis was to conduct a logistical regression analysis. All of the variables included in Tables 1 through 3 were entered into the regression equation. The results are displayed in Table 4.

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Table 4 : Logistic regression with Violence Victimization as the Dependent Variable

Variable	Coefficient	Standard Error	Z-score	P value
Paid bribe for documents	1.31	.14	9.59	.00
Paid bribe for school services	1.03	.16	6.34	.00
Gender	-.73	.12	-5.86	.00
Violent crime victim	.89	.19	4.62	.00
Asses-based Wealth Index	.24	.08	2.90	.00
Problems with household services.	10	.04	-2.83	.01
Paid bribe healthcare services	.39	.15	2.55	.01
Paid bribe for sanitation services	.44	.17	2.51	.01
Trust the police	-.27	.13	-2.13	.03
Religion	-.19	.17	-1.11	.27
Age	-.10	.09	-1.10	.27
Police visible in area	-.16	.14	-1.09	.28
On electric grid	.16	.16	1.01	.31
Property crime victim	-.13	.13	1.01	.31
Employment status	.07	.08	.86	.39
Police station in area	- .05	.06	-.85	.40
Perception police corrupt	.17	.45	.37	.71
Urban-rural	-.04	.15	-.25	.81
Education	- .05	.08	-.68	.50
Access to piped water	.13	.16	.79	.43
Difficulty with documents	.15	.16	.94	.35
Difficulty piped water	.13	.16	.79	.43
Difficulty with police help	.03	.16	.22	.83
Difficulty with medical help	- .00	.14	1.03	.97
Constant	**- .44**	**.68**	**.64**	**.52**

Number of observations = 1 868

Chi square = 576.85

Probability = .000

Pseudo R2 = .22

Table 4 reveals that nine variables reached statistical significance in the logistical regression analysis; the analysis produced a pseudo R2 of .22. The most import finding in Table 4 was that all four of the payment of bribes indicators were included in the statistically significant group. The strongest predictor was payment of bribes to obtain documents,(Z=9.59), followed by payment of bribes for school services. (z=6.34). Payment of bribes to receive healthcare services and sanitation services were also significant, but not as strong (Z=2.55 and Z=2.51 respectively). As suggested by the literature, gender was a strong predictor of the payment of bribes to the police, (Z= -5.86) : men pay bribes. Trust of the police was also significant. There were several surprises. One was the fact that difficulty receiving sanitation services was significant, and none of the other questions in that series about ease or difficulty of obtaining services were significant. Perhaps the most unexpected finding in Table 4 was that being the victim of a violent crime was significant.(Z=4.62). This question and the one about being a property crime victim, which was not significant, were included in the logistical regression analysis because both measures suggest direct police contact was possible. The issue of violent crime victimization will be addressed below.

III. Discussion

This paper found support for the belief that a true culture of corruption exists in Kenya and that was an important finding. More than that, the study used data generated at the individual respondent level, which isunique. Studies concerned with corruption usually rely heavily on Transparency International and its Corruption Perceptions Index (CPI) as a major data source (available at http://.www.transparency.org).

There were some surprises in this paper, and the issue of respondents self-reporting crimes was one of these; Kenyan respondents did report payment of bribes to a greater extent that might have been expected. Perhaps this reporting of payment of bribes should be considered surprising, but the volume of those responses suggests,as far as Kenya is concerned, the question asked at the beginning of the paperperhaps shouldbe reframed as"why doesn't everyone in Kenya pay bribes.?" This paper clearly suggests that most Kenyans do pay bribes.

One interesting finding was the lack of infrastructure in Kenya, especially sewer and water. Note that only about 15 percent of the respondents lived where a sewer system was available. And the fact that difficulty in obtaining household services was a

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significant predictor of payment of bribes to the police and others was not an unexpected finding.

The finding that requires more attention is the fact that violent crime victimization was a predictor of payment of bribes to the police. There are several ways to approach explaining that finding. One of them is to suggest the need for an improved measure regarding paying the police a bribe. As presently presented the question asks if payment was made to the police for passing a check point, avoiding a fine or arrest. The police in Kenya and other African countries are known to routinely ask motorists for bribes to pass checkpoints and/or road blocks. That is not the same as avoiding a fine or arrest, especially an arrest. So a better question about avoiding an arrest in warranted and would help clarify why the bribe is paid to the police. If respondents seem willing to report payment of bribes, why not ask the reason the bribe was paid?

A second explanation to the payment of bribes to police is directly related to police corruption. When payment of police bribes was cross-tabulated with being a violent crime victim, it was discovered that more than half of the violent crime victims had paid the police a bribe. (130 of 258 or 50.4 percent). Although not as strong, property crime victims also paid a higher percentage of bribes to the police (288 of 778 or 37 percent), higher than would be expected. Two explanations follow from those findings. On the one hand, it suggests that if you get in an altercation, you may be the victim and not the perpetrator if you pay the police a bribe or more money than the other person. If you are a property crime victim, it may be that you think you need to pay a bribe if you expect the police to look for or even return your stolen property. None of these scenarios casts the police in a good light.

IV. Conclusion

The findings related to the payment of police bribes and payment of bribes in other service provision areas were exceedingly strong, and support the notion that Kenya has a bribery culture. However, what is worrisome is that these findings do not apply to the entire country, and are limited to areas of Kenya which have more developed infrastructures. The lack of infrastructure development in Kenya suggests that as infrastructure is more thoroughly developed and implemented, the bribery culture will only grow in Kenya in the future, and everything possible must be done to institute anti-bribery programs. Starting to address the street level interaction between low level bureaucrats (public service providers) appears to be the most promising to begin to address the corruption problem. Police are only part and parcel of a much larger culture of corruption problem in Kenya.

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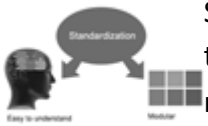


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1. Choosing the topic: In most cases, the topic is searched by the interest of author but it can be also suggested by the guides. You can have several topics and then you can judge that in which topic or subject you are finding yourself most comfortable. This can be done by asking several questions to yourself, like Will I be able to carry our search in this area? Will I find all necessary recourses to accomplish the search? Will I be able to find all information in this field area? If the answer of these types of questions will be "Yes" then you can choose that topic. In most of the cases, you may have to conduct the surveys and have to visit several places because this field is related to Computer Science and Information Technology. Also, you may have to do a lot of work to find all rise and falls regarding the various data of that subject. Sometimes, detailed information plays a vital role, instead of short information.

2. Evaluators are human: First thing to remember that evaluators are also human being. They are not only meant for rejecting a paper. They are here to evaluate your paper. So, present your Best.

3. Think Like Evaluators: If you are in a confusion or getting demotivated that your paper will be accepted by evaluators or not, then think and try to evaluate your paper like an Evaluator. Try to understand that what an evaluator wants in your research paper and automatically you will have your answer.

4. Make blueprints of paper: The outline is the plan or framework that will help you to arrange your thoughts. It will make your paper logical. But remember that all points of your outline must be related to the topic you have chosen.

5. Ask your Guides: If you are having any difficulty in your research, then do not hesitate to share your difficulty to your guide (if you have any). They will surely help you out and resolve your doubts. If you can't clarify what exactly you require for your work then ask the supervisor to help you with the alternative. He might also provide you the list of essential readings.

6. Use of computer is recommended: As you are doing research in the field of Computer Science, then this point is quite obvious.

7. Use right software: Always use good quality software packages. If you are not capable to judge good software then you can lose quality of your paper unknowingly. There are various software programs available to help you, which you can get through Internet.

8. Use the Internet for help: An excellent start for your paper can be by using the Google. It is an excellent search engine, where you can have your doubts resolved. You may also read some answers for the frequent question how to write my research paper or find model research paper. From the internet library you can download books. If you have all required books make important reading selecting and analyzing the specified information. Then put together research paper sketch out.

9. Use and get big pictures: Always use encyclopedias, Wikipedia to get pictures so that you can go into the depth.

10. Bookmarks are useful: When you read any book or magazine, you generally use bookmarks, right! It is a good habit, which helps to not to lose your continuity. You should always use bookmarks while searching on Internet also, which will make your search easier.

11. Revise what you wrote: When you write anything, always read it, summarize it and then finalize it.

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15. Use of direct quotes: When you do research relevant to literature, history or current affairs then use of quotes become essential but if study is relevant to science then use of quotes is not preferable.

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17. Never use online paper: If you are getting any paper on Internet, then never use it as your research paper because it might be possible that evaluator has already seen it or maybe it is outdated version.

18. Pick a good study spot: To do your research studies always try to pick a spot, which is quiet. Every spot is not for studies. Spot that suits you choose it and proceed further.

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21. Arrangement of information: Each section of the main body should start with an opening sentence and there should be a changeover at the end of the section. Give only valid and powerful arguments to your topic. You may also maintain your arguments with records.

22. Never start in last minute: Always start at right time and give enough time to research work. Leaving everything to the last minute will degrade your paper and spoil your work.

23. Multitasking in research is not good: Doing several things at the same time proves bad habit in case of research activity. Research is an area, where everything has a particular time slot. Divide your research work in parts and do particular part in particular time slot.

24. Never copy others' work: Never copy others' work and give it your name because if evaluator has seen it anywhere you will be in trouble.

25. Take proper rest and food: No matter how many hours you spend for your research activity, if you are not taking care of your health then all your efforts will be in vain. For a quality research, study is must, and this can be done by taking proper rest and food.

26. Go for seminars: Attend seminars if the topic is relevant to your research area. Utilize all your resources.



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27. Refresh your mind after intervals: Try to give rest to your mind by listening to soft music or by sleeping in intervals. This will also improve your memory.

28. Make colleagues: Always try to make colleagues. No matter how sharper or intelligent you are, if you make colleagues you can have several ideas, which will be helpful for your research.

29. Think technically: Always think technically. If anything happens, then search its reasons, its benefits, and demerits.

30. Think and then print: When you will go to print your paper, notice that tables are not be split, headings are not detached from their descriptions, and page sequence is maintained.

31. Adding unnecessary information: Do not add unnecessary information, like, I have used MS Excel to draw graph. Do not add irrelevant and inappropriate material. These all will create superfluous. Foreign terminology and phrases are not apropos. One should NEVER take a broad view. Analogy in script is like feathers on a snake. Not at all use a large word when a very small one would be sufficient. Use words properly, regardless of how others use them. Remove quotations. Puns are for kids, not grunt readers. Amplification is a billion times of inferior quality than sarcasm.

32. Never oversimplify everything: To add material in your research paper, never go for oversimplification. This will definitely irritate the evaluator. Be more or less specific. Also too, by no means, ever use rhythmic redundancies. Contractions aren't essential and shouldn't be there used. Comparisons are as terrible as clichés. Give up ampersands and abbreviations, and so on. Remove commas, that are, not necessary. Parenthetical words however should be together with this in commas. Understatement is all the time the complete best way to put onward earth-shaking thoughts. Give a detailed literary review.

33. Report concluded results: Use concluded results. From raw data, filter the results and then conclude your studies based on measurements and observations taken. Significant figures and appropriate number of decimal places should be used. Parenthetical remarks are prohibitive. Proofread carefully at final stage. In the end give outline to your arguments. Spot out perspectives of further study of this subject. Justify your conclusion by at the bottom of them with sufficient justifications and examples.

34. After conclusion: Once you have concluded your research, the next most important step is to present your findings. Presentation is extremely important as it is the definite medium though which your research is going to be in print to the rest of the crowd. Care should be taken to categorize your thoughts well and present them in a logical and neat manner. A good quality research paper format is essential because it serves to highlight your research paper and bring to light all necessary aspects in your research.

Informal Guidelines of Research Paper Writing

Key points to remember:

- Submit all work in its final form.
- Write your paper in the form, which is presented in the guidelines using the template.
- Please note the criterion for grading the final paper by peer-reviewers.

Final Points:

A purpose of organizing a research paper is to let people to interpret your effort selectively. The journal requires the following sections, submitted in the order listed, each section to start on a new page.

The introduction will be compiled from reference matter and will reflect the design processes or outline of basis that direct you to make study. As you will carry out the process of study, the method and process section will be constructed as like that. The result segment will show related statistics in nearly sequential order and will direct the reviewers next to the similar intellectual paths throughout the data that you took to carry out your study. The discussion section will provide understanding of the data and projections as to the implication of the results. The use of good quality references all through the paper will give the effort trustworthiness by representing an alertness of prior workings.

Writing a research paper is not an easy job no matter how trouble-free the actual research or concept. Practice, excellent preparation, and controlled record keeping are the only means to make straightforward the progression.

General style:

Specific editorial column necessities for compliance of a manuscript will always take over from directions in these general guidelines.

To make a paper clear

· Adhere to recommended page limits

Mistakes to evade

- Insertion a title at the foot of a page with the subsequent text on the next page
- Separating a table/chart or figure - impound each figure/table to a single page
- Submitting a manuscript with pages out of sequence

In every sections of your document

· Use standard writing style including articles ("a", "the," etc.)

· Keep on paying attention on the research topic of the paper

· Use paragraphs to split each significant point (excluding for the abstract)

· Align the primary line of each section

· Present your points in sound order

· Use present tense to report well accepted

· Use past tense to describe specific results

· Shun familiar wording, don't address the reviewer directly, and don't use slang, slang language, or superlatives

· Shun use of extra pictures - include only those figures essential to presenting results

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Abstract:

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An abstract is a brief distinct paragraph summary of finished work or work in development. In a minute or less a reviewer can be taught the foundation behind the study, common approach to the problem, relevant results, and significant conclusions or new questions.

Write your summary when your paper is completed because how can you write the summary of anything which is not yet written? Wealth of terminology is very essential in abstract. Yet, use comprehensive sentences and do not let go readability for briefness. You can maintain it succinct by phrasing sentences so that they provide more than lone rationale. The author can at this moment go straight to shortening the outcome. Sum up the study, with the subsequent elements in any summary. Try to maintain the initial two items to no more than one ruling each.

- Reason of the study - theory, overall issue, purpose
- Fundamental goal
- To the point depiction of the research
- Consequences, including definite statistics - if the consequences are quantitative in nature, account quantitative data; results of any numerical analysis should be reported
- Significant conclusions or questions that track from the research(es)

Approach:

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- A conceptual should situate on its own, and not submit to any other part of the paper such as a form or table
- Center on shortening results - bound background information to a verdict or two, if completely necessary
- What you account in an conceptual must be regular with what you reported in the manuscript
- Exact spelling, clearness of sentences and phrases, and appropriate reporting of quantities (proper units, important statistics) are just as significant in an abstract as they are anywhere else

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The **Introduction** should "introduce" the manuscript. The reviewer should be presented with sufficient background information to be capable to comprehend and calculate the purpose of your study without having to submit to other works. The basis for the study should be offered. Give most important references but shun difficult to make a comprehensive appraisal of the topic. In the introduction, describe the problem visibly. If the problem is not acknowledged in a logical, reasonable way, the reviewer will have no attention in your result. Speak in common terms about techniques used to explain the problem, if needed, but do not present any particulars about the protocols here. Following approach can create a valuable beginning:

- Explain the value (significance) of the study
- Shield the model - why did you employ this particular system or method? What is its compensation? You strength remark on its appropriateness from a abstract point of vision as well as point out sensible reasons for using it.
- Present a justification. Status your particular theory (es) or aim(s), and describe the logic that led you to choose them.
- Very for a short time explain the tentative propose and how it skilled the declared objectives.

Approach:

- Use past tense except for when referring to recognized facts. After all, the manuscript will be submitted after the entire job is done.
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Materials:

- Explain materials individually only if the study is so complex that it saves liberty this way.
- Embrace particular materials, and any tools or provisions that are not frequently found in laboratories.
- Do not take in frequently found.
- If use of a definite type of tools.
- Materials may be reported in a part section or else they may be recognized along with your measures.

Methods:

- Report the method (not particulars of each process that engaged the same methodology)
- Describe the method entirely
- To be succinct, present methods under headings dedicated to specific dealings or groups of measures
- Simplify - details how procedures were completed not how they were exclusively performed on a particular day.
- If well known procedures were used, account the procedure by name, possibly with reference, and that's all.

Approach:

- It is embarrassed or not possible to use vigorous voice when documenting methods with no using first person, which would focus the reviewer's interest on the researcher rather than the job. As a result when script up the methods most authors use third person passive voice.
- Use standard style in this and in every other part of the paper - avoid familiar lists, and use full sentences.

What to keep away from

- Resources and methods are not a set of information.
- Skip all descriptive information and surroundings - save it for the argument.
- Leave out information that is immaterial to a third party.

Results:

The principle of a results segment is to present and demonstrate your conclusion. Create this part a entirely objective details of the outcome, and save all understanding for the discussion.

The page length of this segment is set by the sum and types of data to be reported. Carry on to be to the point, by means of statistics and tables, if suitable, to present consequences most efficiently.You must obviously differentiate material that would usually be incorporated in a study editorial from any unprocessed data or additional appendix matter that would not be available. In fact, such matter should not be submitted at all except requested by the instructor.



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Content

- Sum up your conclusion in text and demonstrate them, if suitable, with figures and tables.
- In manuscript, explain each of your consequences, point the reader to remarks that are most appropriate.
- Present a background, such as by describing the question that was addressed by creation an exacting study.
- Explain results of control experiments and comprise remarks that are not accessible in a prescribed figure or table, if appropriate.
- Examine your data, then prepare the analyzed (transformed) data in the form of a figure (graph), table, or in manuscript form.

What to stay away from

- Do not discuss or infer your outcome, report surroundings information, or try to explain anything.
- Not at all, take in raw data or intermediate calculations in a research manuscript.
- Do not present the similar data more than once.
- Manuscript should complement any figures or tables, not duplicate the identical information.
- Never confuse figures with tables - there is a difference.

Approach

- As forever, use past tense when you submit to your results, and put the whole thing in a reasonable order.
- Put figures and tables, appropriately numbered, in order at the end of the report
- If you desire, you may place your figures and tables properly within the text of your results part.

Figures and tables

- If you put figures and tables at the end of the details, make certain that they are visibly distinguished from any attach appendix materials, such as raw facts
- Despite of position, each figure must be numbered one after the other and complete with subtitle
- In spite of position, each table must be titled, numbered one after the other and complete with heading
- All figure and table must be adequately complete that it could situate on its own, divide from text

Discussion:

The Discussion is expected the trickiest segment to write and describe. A lot of papers submitted for journal are discarded based on problems with the Discussion. There is no head of state for how long a argument should be. Position your understanding of the outcome visibly to lead the reviewer through your conclusions, and then finish the paper with a summing up of the implication of the study. The purpose here is to offer an understanding of your results and hold up for all of your conclusions, using facts from your research and generally accepted information, if suitable. The implication of result should be visibly described. Infer your data in the conversation in suitable depth. This means that when you clarify an observable fact you must explain mechanisms that may account for the observation. If your results vary from your prospect, make clear why that may have happened. If your results agree, then explain the theory that the proof supported. It is never suitable to just state that the data approved with prospect, and let it drop at that.

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- Research papers are not acknowledged if the work is imperfect. Draw what conclusions you can based upon the results that you have, and take care of the study as a finished work
- You may propose future guidelines, such as how the experiment might be personalized to accomplish a new idea.
- Give details all of your remarks as much as possible, focus on mechanisms.
- Make a decision if the tentative design sufficiently addressed the theory, and whether or not it was correctly restricted.
- Try to present substitute explanations if sensible alternatives be present.
- One research will not counter an overall question, so maintain the large picture in mind, where do you go next? The best studies unlock new avenues of study. What questions remain?
- Recommendations for detailed papers will offer supplementary suggestions.

Approach:

- When you refer to information, differentiate data generated by your own studies from available information
- Submit to work done by specific persons (including you) in past tense.
- Submit to generally acknowledged facts and main beliefs in present tense.

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Topics	Grades		
	A-B	**C-D**	**E-F**
Abstract	Clear and concise with appropriate content, Correct format. 200 words or below	Unclear summary and no specific data, Incorrect form Above 200 words	No specific data with ambiguous information Above 250 words
Introduction	Containing all background details with clear goal and appropriate details, flow specification, no grammar and spelling mistake, well organized sentence and paragraph, reference cited	Unclear and confusing data, appropriate format, grammar and spelling errors with unorganized matter	Out of place depth and content, hazy format
Methods and Procedures	Clear and to the point with well arranged paragraph, precision and accuracy of facts and figures, well organized subheads	Difficult to comprehend with embarrassed text, too much explanation but completed	Incorrect and unorganized structure with hazy meaning
Result	Well organized, Clear and specific, Correct units with precision, correct data, well structuring of paragraph, no grammar and spelling mistake	Complete and embarrassed text, difficult to comprehend	Irregular format with wrong facts and figures
Discussion	Well organized, meaningful specification, sound conclusion, logical and concise explanation, highly structured paragraph reference cited	Wordy, unclear conclusion, spurious	Conclusion is not cited, unorganized, difficult to comprehend
References	Complete and correct format, well organized	Beside the point, Incomplete	Wrong format and structuring

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