



MARKUP

EU-EAC MARKET ACCESS UPGRADE PROGRAMME

Enhancing Private Sector Participation in Harmonisation of Standards

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MARKUP is a regional trade development initiative funded by the European Union with support from the Federal Government of Germany, which aims at addressing both the supply side and market access constraints of selected key export-oriented sectors in Burundi, Kenya, Rwanda, Tanzania and Uganda. The priority value chains are coffee, tea, cocoa, avocado, and selected horticultural products. The overall objective of the programme is to contribute to the economic development of the EAC region by increasing the value of both extra- and intra-regional agricultural exports, with the main focus on exports towards the European Union.

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Background

Recent analysis of EAC export trends indicated that food items and agricultural raw materials accounted for 51% of the region's total exports between 2013 and 2017. Furthermore, the volume of intra-regional food exports increased almost 9-fold between 2000 and 2017. The competitiveness of EAC agricultural products is affected by Non-Tariff Measures (NTMs), most importantly, sanitary and phytosanitary (SPS) measures. The World Trade Organisation Agreement on Sanitary and Phytosanitary Measures (WTO SPS) sets out the basic rules for trade in food, animal and plant products. The agreement allows countries to set their own standards - based on science - and aimed at protecting human, animal, and plant life or health. Member countries are encouraged to base their national standards on international standards, guidelines and recommendations where they exist.

Partner States of the East African Community (EAC) have over the years developed harmonised standards as a means of facilitating trade in the Community and beyond. Developing harmonised standards of agriproducts is a priority for the EAC because agriculture plays a key role in the industrial development, trade, employment and food security in the region. The process of developing harmonised standards is guided by the principles of openness, transparency, impartiality, consensus, effectiveness, relevance, coherence and development dimensions as set out in the *Principles and Procedures for the development of East African standards* (EAC, 2016). These EAC principles and procedures – which are aligned to international guidelines - recognise the private sector as a key stakeholder. The participation of the private sector (producers, processors, transporters, exporters and distributors of food), is critical to inform the development of and adherence to the harmonised standards. Private sector actors not only initiate standards development for priority products, but also provide inputs to draft standards at all levels. Private sector actors also provide feedback and additional inputs when a draft standard is circulated to all the stakeholders prior to finalisation. The procedures provide for private sector participation in the following regional structures:

Technical Committees: EAC Technical Committees are responsible for the preparation of Draft East African Standards (EAS) within a given scope or field. Private sector representatives are not explicitly designated members, but they may participate if nominated by a national standards body. A private sector organisation may also participate as an observer on request and approval by the EAC Secretariat.

Standards Management Committee (SMC): Final drafts of EAS as developed by Technical Committees are tabled to the Standards Management Committee for consideration. The SMC is a sub-committee of the East African Standards Committee (EASC) and is responsible for elaborating and harmonising standards and standards-related documents. It comprises three permanent members from each Partner State, one of whom is from the private sector. Members are appointed by national standards bodies.

Despite the very well laid down principles and procedures, the EAC standards setting, harmonisation and domestication processes are still faced with low levels of stakeholder participation and weak capacities. As a result, EAC Partner States are not maximizing the benefits arising from trading agricultural produce in regional and international markets.

The EAC Secretariat and Partner States have received support from the EU to address these challenges, through MARKUP (EU-EAC Market Access Upgrade Programme).¹ In May 2019, GIZ - a MARKUP Implementing Partner - commissioned an assessment of the levels of awareness, current engagement and capacities for the participation of key stakeholders in regional standards setting, harmonisation and domestication. The assessment included a literature review and consultations with stakeholders in each of the five MARKUP Partner States (Burundi, Kenya, Rwanda, Tanzania, Uganda). Recommendations were made to strengthen the effective participation of key stakeholders in standards development and review, harmonisation and domestication.

This policy brief focusses on the major findings and recommendations of this assessment related to the private sector.

i) Low awareness of standards

The MARKUP study indicated that there was a very low level of awareness on the existing national and regional standards among private sector stakeholders. However, the study found very high levels of awareness, among all the private sector stakeholders, on international standards, including EU standards and especially voluntary and private standards such as the Rainforest Alliance, GlobalGAP, and Fairtrade. This high level of awareness was mainly reported for export commodities including coffee, tea, cocoa and horticultural produce. The private sector actors seek information and knowledge of international private standards more than EA standards as compliance with the latter is associated with premium prices.

Among private sector groups, exporters demonstrated a higher level of awareness than farmers, who form the bulk of the value chain actors, and whose practices can have a significant impact on quality parameters such as occurrence of pesticide residues in food. Overall, there was limited awareness on the processes for setting and harmonisation of standards.

ii) Low participation in standards setting and harmonisation

The participation of private sector stakeholders in the development of standards at national, regional and international levels was low in all the MARKUP Partner States. Kenya reported the highest level of participation, followed by Tanzania, Rwanda and Uganda. The levels of participation are partly a reflection of the maturity and capacity of the private sector in the Partner States, as well as the culture of public-private partnership. Financial support for participation is another important factor. While 1 or 2 representatives of private sector apex bodies might be supported to participate in key standards development processes (depending on availability of funds), it is the general practice in all Partner States that private sector actors meet their own costs.

The low participation in the development of standards at all levels was attributed to several factors:

a) Limited awareness

There is limited awareness in three key areas. Firstly, the importance of standards and their impact on trade is not well known. Some private sector stakeholders consider standards as

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measures aimed at benefiting the Government and therefore believe that they are not required to participate in their development. Secondly, information on the processes of standards development, as well as the mandated role and expectations of the private sector is limited. Lastly, the technical knowledge to interpret, manage and implement standards is lacking. All these factors cause a lack of engagement in standards development processes at all levels.

b) Under-representation of the private sector in the standards setting and management process

The private sector is under-represented in standards setting partly due to the lack of political goodwill on the side of the Government ministries and agencies such as the national standard bodies mandated to mobilise, receive and include input from the private sector. It appears that regulators and standard developers tend to shun input from the private sector, and as a result, most private sector actors disengage from the process. A second element is inadequacy of the slots for representation given to the private sector, *vis- a-vis* the size and diversity within the private sector itself. Respondents felt that the slots given for representation in the Technical Committees and the platforms engaged in the standards setting and harmonisation processes are not commensurate with the number of private sector actors. In some cases, there are wide variations even within specific sector associations. A good example is the horticultural industry which in most Partner States comprises fruits, vegetables, nuts, spices and flowers. Having just one representative for the horticultural industry is seen as insufficient as a representative from one of the subsectors may not be conversant with the issues in the other subsectors, and therefore lack the capacity to represent them adequately.

The third element of inadequate representation is related to the private sector itself, in terms of the human resource and their capacities. In some associations and private sector bodies, the representatives in the standard setting committees are not knowledgeable in the standards setting processes. Where such capacity exists, the participation of the representative is inconsistent, leading to lack of continuity.

c) Limited financial support

Private sector associations are member-based organisations whose activities are financed by membership fees and resources from development partners and governments. The associations are generally not facilitated to participate in standards setting and harmonisation meetings. Coupled with the limited awareness, this situation leads to standards related activities being considered as low priority. This challenge affects most associations and Small and Medium Enterprises (SMEs). The majority of the stakeholders reported willingness to participate in standard development processes given some financial support.

d) Poor communication and weak linkages among stakeholders

In terms of the framework for standards setting and harmonisation, the respondents pointed out that the linkage between the private sector and the standards setting bodies was generally weak. There appear to be no well-established channels of communication and, and therefore invitation to participate in relevant activities is ad hoc and inconsistent. The respondents also reported a lack of effective communication from governments to stakeholders on standards requirements and on changes in the same. It was perceived that the enforcement of standards was often managed in an unfair manner by the standards management bodies. The private sector noted that even the language used in the standards setting and harmonisation is too technical for the majority of their members to understand the requirements.

In terms of communication with private sector associations, the respondents reported lack an effective mechanism to keep their members (farmers, manufactures, exporters, traders) adequately informed and engaged in the process. The majority do not have formal platforms for providing feedback to their members.

Recommendations

- 1. Improve awareness among key stakeholders on the existence and importance of food standards**
 - Sensitise key stakeholders on standards
 - Simplify the language and formats of standards such as standard operating procedures and codes of practice into language and formats so that all stakeholders can understand them. Where possible, translation should be considered in order to expand reach and uptake, especially by upstream value chain actors.
 - Establish an e-platform and other communication channels to improve interaction among sector stakeholders.

- 2. Build capacity of key stakeholders in standards development and harmonisation**
 - Develop training manuals to standardise orientation of new members to Technical Committees/ Standards Committees
 - Develop guidelines for implementation of newly developed and harmonised standards and undertake relevant training
 - Support and facilitate the private sector to access knowledge and competences available through international bodies such as ISO, Codex Alimentarius, WTO among others.

- 3. Facilitate effective participation of the private sector in standards platforms**
 - Share the plan for standardisation activities: There should be a mechanism for sharing the programme of all the activities in the stages of standard development with all stakeholders, well in advance. This should be between the standards bodies and other stakeholders, as well as between the associations and their members. Such a mechanism would ensure that the right person is available to participate in food standardisation process, and that the required resources are mobilised in good time.
 - Encourage and support national standards bodies to develop and implement codes of practice for engagement with the private sector. Such a code would include selection of private sector representatives, timeframes for consultation, provision of adequate information, expected inputs, feedback mechanisms, among others.
 - Support selected associations to embed standards development as core services to members. Specifically, the associations would be supported to do the following:
 - Establish technical capacities for monitoring and evaluating compliance with standards
 - Put in place an effective mechanism for engagement of their members to review draft standards and share comments
 - Establish effective feedback mechanisms between standards bodies and wider membership
 - Mobilise funds for standards development work.