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## Terms of Reference for the Study titled: “Impact Assessment of the East African Harmonized Standards on the Business Community”, July 2016

Key aspects of the Consultancy	
<b>Objective</b>	To undertake an impact assessment of the EAC harmonized standards on seven (7) amongst the most 20 most traded product in the EAC region products on the overall business environment. The products are; alcoholic beverages, steel products, surface active agents, edible fats and oils, paper and paper board, tea and coffee
<b>Time frame</b>	Draft report to be handed over by 22 <sup>nd</sup> August 2016 Submission of final report by 30 <sup>th</sup> August 2016 The total contract days will be 21 for the whole assignment
<b>Location</b>	Field work, data collection and information retrieval in the following EAC countries: Burundi, Kenya, Rwanda, Tanzania and Uganda Presentation of the inception report in Arusha
<b>Human resources required</b>	One consultant

### I. The Client EABC

The East African Business Council (EABC) is the apex body of business associations of the Private Sector and Corporates from the five member countries of the East African Community (EAC). It was established in 1997 to foster the interests of the Private Sector in the integration process of the East African Community.

Currently, EABC has 54 associations and over one hundred corporate members. Amongst the associations are all the national private sector apex bodies in every EAC



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country, manufacturers' associations, Chambers of Commerce, employer associations, bankers associations etc. Having its secretariat in Arusha, EABC is through its National Focal Points (NFPs) – being at the same time the national private sector apex bodies – represented in every of the EAC countries.

EABC's overarching objective is to be the dynamic voice of the private sector in the East African Community in fostering sustained economic growth and prosperity. EABC further seeks to be an effective change agent for fostering an enabling business environment and to promote private sector's regional and global competitiveness in trade and investment. In this regard, EABC provides a regional platform through which the business community can present their concerns at the EAC policy level, with the overall aim of creating a more conducive business environment through targeted policy reforms. Additionally, EABC also work towards promoting private sector's regional and global competitiveness in trade and investment through provision of services such as business summits and market information.

Among EABC's key stakeholders are primarily the EAC Secretariat, the business community as represented through associations, associate and corporate members, national policy makers, EAC organs and institutions and other key national and regional organizations working towards enhancing private sector participation in the EAC and global integration. EABC has an "Observer Status" at the EAC, which enables EABC to attend and participate in all relevant EAC activities and deliberations, not only at the Secretariat but also in other organs and institutions.

*This study will be funded under auspices of an ongoing partnership project between EABC's East African Standards Platform and Trademark East Africa*

## **II. The East Africa Standards Platform**

The East African Standards Platform (EASP) was operationalised in Mid-February 2012 as a structure within the East African Business Council (EABC) in response to the challenges and the trade barriers faced by suppliers in intra-regional trade due to differences in technical regulation and standards amongst EAC Partner States.



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The implementation of the activities of this platform is supported by Trademark East Africa in a project titled "Support to Regional Platforms through EABC".

The EASP is aimed at advocating for full implementation of EAC Customs Union Protocol on the free movement of goods in the region. In this regard, the Platform has championed the development, harmonization and revision of the East African Standards according to the most traded goods in the region so as to facilitate intra EAC trade. Members of the private sector have been involved in the Technical Committees developing, harmonizing or revising these standards however there is need for more engagement of the public and private sector to ensure successful implementation of East African Standards in the Partner States. In pursuit of the above, the Platform through the EABC received two years support from Trade Mark East Africa (TMEA) with an objective of strengthening Private Sector participation in the development and implementation of East African Standards as well as the development of a regional technical regulations framework. The time frame for implementation of the project is two years, starting from November 2014 to October 2016.

#### **a) The background to the study**

Out of the 20 most traded products, seven products have standards which have been approved and declared as East African Standards by the EAC Council of Ministers. Several of these standards have been adopted and implemented by the Partner States while others have not.

However, no study has been undertaken to assess the impact of the already harmonized standards on the overall business environment in the EAC.

This study is therefore meant to assess the impact of the several standards that have been harmonized on the business community in terms of costs and time to trade goods in the EAC and the overall business environment so that the Standards Platform is able to advocate for further harmonization of standards in the EAC by having clear, realistic and robust information on standards harmonization and development in the region.

#### **b) Private sector concerns with regard to standards development in the EAC Limited harmonization, adoption and recognition of East African Standards**



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The harmonisation of East African standards faces three main challenges. Firstly, only few standards are harmonised regionally. Secondly, adoption rates by the NSBs of regional standards agreed upon is low. Thirdly, even if regional standards are adopted by NSBs frequently product certification marks are not recognised at the border posts.

### **Limited harmonisation of East African Standards**

For several of the most traded goods standards are still insufficiently harmonised. This has tremendously contributed to the delays at the border points because the National Standards Bureaus of the importing countries wish to retest the goods before allowing entry regardless of the fact that the goods have a certification mark from the bureau of the exporting country. According to the Standards Platform study (2012) on prioritization of East African Standards and Technical Regulation the value of the most traded goods was estimated at USD 3.5 billion, implying huge losses from administrative burdens and forgone gains from impeded trade. Following the prioritisation of standards by the Standards Management Committee on behalf of the EASC, 80 Technical Committees were designated, but only 18 have been operationalised so far.

### **Poor adoption of the harmonization of East African Standards by NSBs**

According to the SQMT Act Section 15 the Partner States shall within 6 months of declaration of an East African Standard adopt without any deviation from the approved text of the standard the East African Standard as a national standard and withdraw any existing national standard with similar scope and purpose. A second study commissioned by the Platform in 2013 on Adoption of East African Standards and the effectiveness of the certification schemes in the EAC has revealed however that even in cases where a regional standard has been agreed upon, there is a very sluggish adoption of harmonised standards by the National Standards Bureaux in the Partner States and therefore national standards remain in use instead. In other cases standards are adopted by NSBs, but the private sector is unaware of this adoption and thus fails to comply with the newly adopted regional standards.

### **Lack of mutual recognition of product certification marks**

According to the study on the adoption of the East African Standards and effectiveness of the certification schemes in EAC, Partner States were complying with section 24 of the SQMT Act by notifying the Council of the product certification marks within their jurisdiction including the design of the mark. However, in cases where harmonised standards are adopted, some Partner States were still not recognizing as equal to their own some product certification marks awarded by national quality system



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institutions of other Partner States. This is mainly a result of a lack of confidence in the procedures and institutional capacity of the NSBs, partly because some quality marks are not issued in compliance with EAC certification regulations and procedures.

### **Standards related Non-tariff Barriers (NTBs)**

As a result of the above, goods are frequently subject to costly and time-consuming re-testing processes because of either non-recognition of quality marks, non-adoption of regional standards or lack of harmonisation of standards. In some cases, goods end up being even completely denied access to other Partner State markets if standards between the Partner States differ.

## **III. Description of the assignment**

### **a) Rationale for this assignment**

In order for the Regional Private Sector Standards Platform and EABC to keep track of the ongoing harmonization process of standards and ensure that the already harmonized standards are impacting positively on the business community in terms of costs related to standards NTBs and to be able to advocate for faster harmonization of standards in the EAC, it's very critical that this study be undertaken for EABC to have clear, realistic and robust information on standards development and harmonization in the region.

### **b) Objectives and scope of this study**

1. Establish the cost and time implications of harmonized EAC standards on the seven products from the list of 20 of the most traded goods in the EAC region.
2. Assess whether intra-EAC trade on the seven products has increased as a result of harmonized standards.
3. Assess the impact of the already harmonized EAC standards on the seven products from the list of the 20 of the most traded goods in the EAC region.
4. Analyze the challenges to the full implementation of harmonized standards on the 20 most traded goods in the EAC and provide recommendations on how the standards harmonization process can be fast tracked



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5. Establish the reasons behind the low adoption of East African standards by Partner States. (Only Uganda and Rwanda have fully adopted the EAC standards). Propose recommendations and an action plan that the Standards Platforms and EABC can use to lobby and advocate the other partner states to adopt the EAC Standards;
6. Assess the reasons behind why other regulatory agencies don't fully recognize the quality marks from other National Bureaus of Standards as a tool to facilitate intra-EAC trade. Propose recommendations that will help in advocating for recognition of quality marks from regulatory authorities at the national level

**In order to cope with this assignment, the consultant is required to:**

- 1) **Develop independently comprehensive methodology** incl. questionnaire(s) to capture all required information and use it to conduct interviews with:

No.	Stakeholders	Description	Number of interviews
1.	Manufacturers Associations	In all the 5 EAC Partner States	5
2.	Manufacturers in the EAC	Of all the 7 identified products to be surveyed	4 Per product in all the EAC Partner States
3.	CEOs	Of the EAC National Standards Bureaus	5
4.	The East African Standards Committee members	Members that make up this committee at EAC	All
5.	The Standards Management Committee of the EAC	Members of this EAC Committee	All
6.	Technical Committee Secretaries	In all the 5 Partner States for the 7 identified products	All
7.	Ministries responsible for stan-	In all the 5 partner	5



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	dards in the EAC	States	
8.	Private sector Apex bodies	In all the EAC Partner States	5
9.	The EAC Secretariat	Officials at EAC Responsible for Standards	2
10.	Bureaus of Statistics	In all the 5 Partner States	5

Interviewing these and other key stakeholders shall facilitate the documentation of required information;

### **c) Products/outputs to be provided by the consultant**

The findings of the study should be able to provide:

- i. Analysis of harmonized EAC standards on the seven products in terms of costs and time reduction in the movement of goods across the region.
- ii. Impact assessment of harmonized EAC standards on the seven products.
- iii. Analysis of challenges of standards harmonization in the EAC with clear recommendations that will inform EABC advocacy on standards
- iv. Reasons for low adoption rates of East African standards by EAC Partner States and identify ways of increasing the adoption rate.
- v. Assessment of the low recognition of quality marks by regulatory agencies'
- vi. The trade trends on seven products with harmonized standards before and after harmonization
- vii. Develop a position paper from the findings of the study report
- viii. Final study report

### **d) Required human resources**

In order to carry out the assignment appropriately as well as in accordance with the objectives and expected outputs, the human resources required are as follows:

1. One consultant responsible for;



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- Developing the required questionnaire(s) for information collection plus all the templates for registering all information retrieved on standards in the EAC
- Presenting the inception report to EABC for final guidance before the study can proceed;
- Submitting of the draft report to the EABC secretariat;
- Taking the remarks, given by the EABC secretariat upon reading the draft report, into consideration and integrating them in the final report;
- Submitting the final report to the EABC secretariat.

#### **IV. Time frame, submission dates and modes of payment**

The duration of the assignment shall be as follows;

1. Submission of proposals- by 20<sup>th</sup> of July 2016
2. Evaluation of proposals- one week after submission of proposals
3. Commissioning of the study- 28<sup>th</sup> July

The following reports have to be provided by the Lead Consultant:

1. The lead consultants and the assistants will be expected to produce an inception report within 7 days of commencement of the assignment ie 8<sup>th</sup> August;
2. A draft report within 21 days after submission of the inception report ie 6<sup>th</sup> of September 2016;
3. A final report including all remarks made by the EABC secretariat after having read the draft report to be submitted in 3 bound copies and in soft copy to the EABC secretariat no later than September 15<sup>th</sup>, 2016. The payment of this assignment shall be made against invoice issued by the consultant and according to the following scheme:

<b>Time</b>	<b>Amount to be paid</b>
Upon submission of the inception report	20% of the total amount
Upon submission of the draft report	35% of the total amount
Upon approval of the final report	The remainder of the total amount



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## **V. Required qualification and expertise of the consultant**

The consultant shall possess the following qualifications:

- Masters degree in Trade Policy, Economics, Law, or any other economics background;
- Professional experience in standards development and cross border trade;
- Minimum 10 years' experience in regional trade and partly in regional integration matters with specific knowledge on the process of standards development and harmonization within the EAC;
- Proven track record on similar assignments;

## **VI. Expression of interest**

Interested Consultants or consultancy firms should confirm immediate availability to undertake the assignment and email their bid(s) clearly marked "**EABC Study on Impact assessment of the East African harmonized standards**" in separate files namely technical proposals and financial proposals, to email address: [procurement@eabc-online.com](mailto:procurement@eabc-online.com)

In case of submission of hard copies of documents for the bids, the documents should be in one sealed main envelope titled "**EABC Study on Impact assessment of the East African Harmonized standards**" but in separate envelopes comprising of technical and financial proposals, to be sent to the address below;

**The Executive Director, East African Business Council, Olorien House**, Perfect Printer Street, Off Njiro Road, Kijenge P.O. Box 2617, Arusha, Tanzania.

The sealed envelope or proposal should be submitted or emailed to EABC by **July 20<sup>th</sup> July, 2016, 10:00 a.m.** Late submissions will not be opened or accepted.

EABC reserves the right to accept or reject any application and is not bound to give reasons for its decision. Further information call Tel. no. +255 27 2543047/2543313 or email [procurement@eabc-online.com](mailto:procurement@eabc-online.com)