

ANNUAL REPORT 2020/2021

ENHANCED TRADE ENVIRONMENT

**QUALITY
STANDARDS
& SPS**



**TMEA - EAC
PARTNERSHIP
PROGRAMME**



**ICT
FOR TRADE**



**TRADE
POLICY**





2020–2021 EXPENDITURE

US\$4.8 M



DONORS

**UKaid, USAID,
The Netherlands**



RESILIENCE, SUSTAINABILITY & INCLUSIVITY STEERED TRADE RECOVERY

COVID-19 disrupted and defined the trade environment. It exposed fragile systems, reinforced or introduced new barriers to trade and necessitated introduction of health protocols and other mitigation measures that inhibited free flow of trade. Our key objective remained building partnerships anchored on resilience, sustainability and inclusivity. We shifted attention to supporting contactless trade, review of cross-border trade guidelines and strengthening standards harmonisation and conformity assessment processes and procedures that enhance the capacity on SPS governance frameworks that support food safety.

The pandemic exposed some of the weaknesses of non-peer reviewed and recognised conformity assessment frameworks. In response, TMEA supported activation of the existing but dormant EAC Peer Review Mechanism; in addition to developing common and shared frameworks for conformity assessment procedures and processes, which will contribute to a reduction in the many technical barriers to trade. Creating a trust infrastructure for conformity assessment will in the coming years change the standards regulatory environment, resulting in reduced compliance time and cost by up to 20 percent and 10 percent, respectively.

In supporting contactless trade transactions, we fast-tracked rollout of digital systems to accelerate paperless trade as follows:

- i) The new online tea trading platform at the Mombasa Tea Auction which eliminated the need for physical presence in tea bourse, thus increasing the speed of trade from 4.2 to 5.8 tea lots per minute;
- ii) Single Customs Territory (SCT) instruments that supported more paperless customs transit transactions at borders and ports, complemented by new administrative procedures;



- iii) Country and regional level interventions such as KRA's new customs system, iCMS, the Electronic Single Window System of Burundi Revenue Authority, the Regional Trade Logistics Information Pipeline (TLIP), and associated regional information sharing platforms.

Under the trade policy programming, we supported the EAC Secretariat to develop new administrative procedures to aid safer trade across borders. The procedures, coupled with the Regional Electronic Cargo and Driver Tracking System (RECDTS) enabled borders to operate more optimally to pre-pandemic times. Focusing on a post-pandemic economic recovery outlook, TMEA also backed completion of the EAC External Trade Policy within which is annexed the EAC Post-COVID-19 Economic Recovery Plan. As implementation of AfCFTA started, we supported the EAC in simplifying and building regional capacity on knowledge of AfCFTA Rules of Origin. This enabled EAC to meet one of the key milestones of AfCFTA.

Alban Odhiambo, Senior Director.



STANDARDS, QUALITY INFRASTRUCTURE (SQI), SANITARY AND PHYTOSANITARY (SPS) MEASURES

TMEA supported EAC Partner States to manage standards related constraints to movement and safety of traded goods, particularly in the context of COVID-19. For example, we aided the development of guidelines for the manufacture, use and disposal of personal protective equipment (PPE).

TMEA also helped to secure regional partnerships with Standards, Sanitary and PhytoSanitary authorities to support the development of new projects. Such included development of policies on food safety and animal health. For example,;

- We supported the Kenya National Codex Committee to generate background documents and positions on food standards in Africa.
- 72 harmonised standards were gazetted by the EAC Secretariat, enhancing the potential for regionally traded goods to access markets in the Region without being subjected to different sets of standards among Partner States.
- In early 2021, Kenya introduced several requirements for maize imported from the region to protect consumers from aflatoxin risk. This resulted in significant clearance delays at the borders, costing transporters

up to US\$300 per truck. In response, TMEA developed and delivered a training programme for commodity inspectors at the borders. This harmonised and

fast-tracked clearance procedures of traded crops and food commodities at the Kenyan borders.



RESOLVED TECHNICAL BARRIERS BOOST EAST AFRICAN FOOD AND COSMETICS TRADE



PROJECT BUDGET
US\$100,000



PERIOD OF IMPLEMENTATION
2017–2021



DEVELOPMENT OF THE TECHNICAL REGULATIONS FRAMEWORK FOR COSMETICS AND PACKAGED FOODS



DONORS
The Netherlands



East African food and cosmetics industry should expect a boost as a key non-tariff barrier to trade that has inhibited export of multi-million dollars worth of products is set to be resolved.

Currently, food and cosmetics products traded in the region are subjected to multiple requirements, including registration and licensing fees, levies and inconsistent conformity assessment and regulatory control processes by several regulatory institutions. This creates uncertainty for businesses, increases the cost of trading, reduces competitiveness, and impedes trade. According to EAC Trade and Investment Report (2018), formal intra-EAC trade is about 12 percent, which is low compared to other economic blocks such as Southern Africa Development Community (SADC) where intra-regional trade is about 46 percent, and European Union at about 67 percent.

One of the key barriers to intra-EAC trade is restrictive trade-policy measures and technical requirements such as multiple conformity assessments for the food and cosmetics industry in each of the EAC Partner States. While the goal is to enhance product safety and consumer health, the multiplicity in regulation and inconsistencies in the conformity assessment and regulatory controls across borders limits trade and has occasioned businesses abandoning export to some Partner States. To resolve this challenge, TMEA worked with the EAC Secretariat, National Standards Bodies, and other regulators in the foods and cosmetics sector to establish a framework that clearly outlines the principles, requirements, processes, and a coordination mechanism that ensures close collaboration among Partner States' regulatory and conformity assessment institutions in enhancing safety and free flow of food and cosmetics products across borders.

Upon establishment, with the support of the Principal Standards Officer at the EAC Secretariat, the East Africa Community Framework for Inter-Agency Control of Foods and Cosmetics to Facilitate Cross-border Trade (EAC Technical Regulations Framework) was approved by the Sectoral Committee on Trade, Industry, Finance and Investment (SCTIFI). Its approval paves way for regulatory cooperation in the EAC for cosmetics and packaged foods. The next steps to implement the framework include raising awareness and establishing implementation mechanisms. This milestone is anticipated to:

- Reduce the multiplicity of the agencies involved in safeguarding consumer health and safety in regionally traded foods and cosmetics;
- Reduce the cost of regulatory compliance for those commodities among private sector players;
- Ease access and reduce the time to access regional markets for foods and cosmetics in EAC.



TMEA-EAC PARTNERSHIP PROGRAMME (TEPP)



The EAC Secretariat is TMEA's most instrumental partner in contributing to the realisation of regional integration objectives. In the year under review, the following were achieved:

- **Single Customs Territory:** Development of the Single Customs Territory (SCT) information sharing platform, and its implementation strategy started, and a draft business process redesign with detailed business requirements developed. The SCT procedure manual, and M&E framework were also reviewed, updated and automated through the East African Monitoring System. The SCT will facilitate exchange of key documents and information among key government agencies involved in cargo clearance, thus easily leveraging on existing tools like Electronic Cargo Tracking Systems. To support the SCT, the EAC Customs Bond (EACCB) is under development to reduce the costs currently incurred from multiple



bonds generated from transiting through different countries. The sustainability strategy for the Regional Electronic Cargo Tracking System (RECTS) was developed and approved.

- **Infrastructure:** On easing transport along EAC Corridors, project information memorandum for the Burundi/Tanzania Multinational Road was finalised, while a detailed design of the Mugina/Manyovu One-Stop Border Post (OSBP), between Tanzania and Burundi, started. Further, the EAC transport/infrastructure database containing among others, the EAC Multi-Sectoral Multi-Modal Corridors Projects was developed to help stakeholders access project information easily. We also assessed the effects of COVID-19 on border operations and identified gaps that need attention for uptake by EAC Partner States.





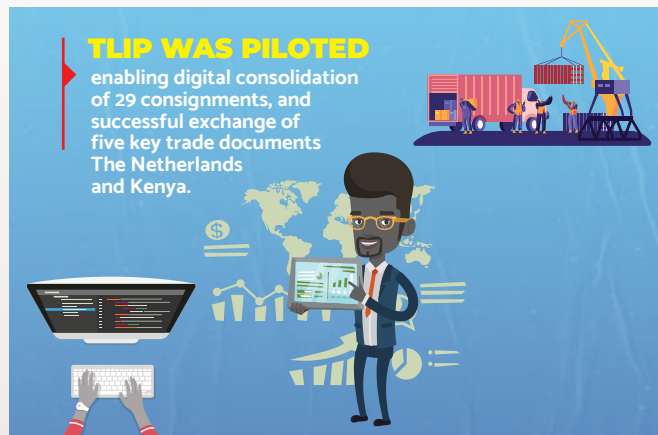
- **Video Conferencing:** The video conference facility, a previous initiative of TMEA, came in handy as COVID-19 triggered virtual meetings. A cumulative US\$4.4 million was saved from 42 meetings, including the East African Legislative Assembly, Council and Sectoral Council meetings. We undertook system and software upgrades to enhance security standards of the system.
- **Simplified Trade Regime:** Work on the EAC Simplified Trade Regime and the Rules of Origin started. Successful implementation will enable small-scale cross-border traders to do business across the region and ensure efficient and effective collection of revenue by relevant customs authorities.
- **AfCFTA:** Trading under the AfCFTA framework requires that citizens have access to and understand the AfCFTA Rules of Origin (RoO). For offtake by East African countries, TMEA supported EAC to undertake several initiatives including: development of the AfCFTA Rules of Origin simplified guide; training of 35 trainers to support knowledge transfer to public and private sector stakeholders; and training of 535 key actors and decision makers in the public and private sectors regarding potential benefits, opportunities and challenges presented by the RoO provisions.



INFORMATION COMMUNICATION TECHNOLOGY FOR TRADE (ICT4T)

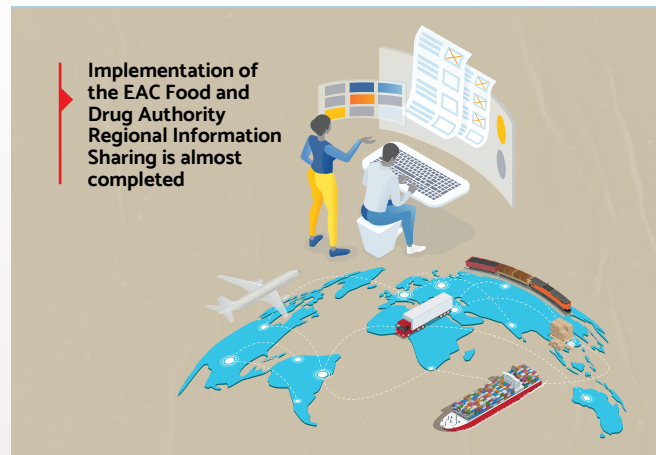
Trade Logistics Information Pipeline (TLIP) for the horticulture value chain was piloted. This enabled trade actors in Kenya and The Netherlands to digitally consolidate 29 consignments, and exchange five key trade documents generated through the Kenya Electronic Single Window. TLIP eliminates manual exchange of mandatory import and export trade documents, thus reducing transaction time and increasing transparency.

Development of an information sharing platform for sanitary and phytosanitary export and import commodities is ongoing, with the proof of concept for fish and agro-inputs trade lanes developed to facilitate

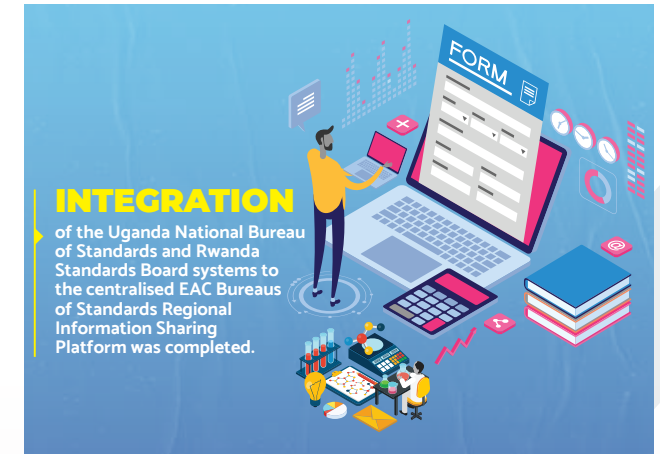


sharing of trade documents between Kenya and Uganda. The first phase integrates national level systems for SPS competent authorities, KEPHIS in Kenya and MAAIF in Uganda, and will progressively onboard others in the region, and other economic blocks that trade with the EAC.

Implementation of the EAC Food and Drug Authority Regional Information Sharing is almost complete with integrations to national level systems for Tanzania, Uganda, and Rwanda done. Integrations to national level systems for Burundi and Kenya is ongoing. Once completed, the integrations will facilitate instantaneous exchange of information related to joint medicines registration and good manufacturing practice inspection processes, between the agencies



Integration of the Uganda National Bureau of Standards and Rwanda Standards Board Systems to the centralised EAC Bureaus of Standards Regional Information Sharing Platform was completed, with integrations to Burundi, Kenya and Tanzania at an



advanced stage. The information platform converges data and information exchange, better equipping National Bureaus of Standards to share information on certified, banned and prohibited goods for decision making.

Regional Electronic Cargo and Driver Tracking System (RECDTS): Implemented as a safe trade response to border congestion, the RECDTS App was fully operationalised in Kenya, Rwanda and Uganda. The App facilitates sharing of EAC digital COVID-19 certificates from accredited national laboratories and government officials. By June 2021, over 250,000 digital COVID-19 certificates had been shared. Integration of the App to Burundi, DRC and South Sudan national systems are at advanced stages.



TRADE POLICY



25 NON-TARIFF BARRIERS RESOLVED

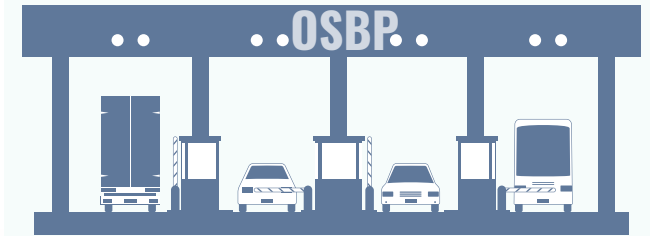
The EAC Time-Bound Programme on the Elimination of NTBs was updated.

Authorised Economic Operators (AEO): AEOs account for 20.5 percent of EAC Partner State revenue, and 14 percent of the total import and export trade volume. 16 Rwanda and Burundi companies joined the AEO Programme, raising the regional number to 136. AEOs receive preferential treatment from customs in clearance procedures due to their compliance, thus reducing the time and transactional costs related to imports and exports. Separately, automation of AEO processes started; while trade procedures in Kenya, Rwanda, Tanzania and Uganda were simplified, helping to reduce administrative cost burden by between US\$152 and US\$397.

OSBP: A study on Climate Change, Environment and Social Assessment of existing One-Stop Border Posts (OSBPs) was conducted to integrate adherence to environmental and social sustainability in future OSBP operations. As a result, a corresponding plan, and a Green Investment Plan were developed.



Green Investment Plan developed, and an OSBP Performance Measurement Tool under development.



Meanwhile, an OSBP Performance Measurement Tool that will compute border crossing time; infrastructure maintenance; coordination among government agencies, and with cross-border traders, among others, is under development.

Non-Tariff Barriers (NTBs): The EAC Time-Bound Programme on the Elimination of NTBs was updated with 25 resolved NTBs, among them, multiple police check points from Mombasa to Malaba; double registration by the Rwanda Food and Drugs Authority; and discrimination and denial of market access for Tanzanian salt exports to Burundi.



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