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1. EXECUTIVE SUMMARY

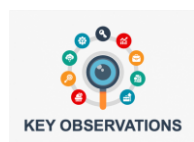
Introduction

To enhance the free movement of services across the East African Community (EAC) region, the EAC Secretariat is implementing the European Union (EU) - EAC Common Objectives in Regional Economic Integration (EU-EAC CORE) programme. As part of the programme, the EAC hosts annual Peer-to-Peer Learning Conferences to promote knowledge sharing and problem-solving among peers. These conferences also serve as communication and visibility events for the EU-EAC CORE programme. The EAC held the inaugural **Peer-to-Peer Learning Conference on 1-2 August 2024 at the Movenpick Hotel in Nairobi, Kenya. The conference focused on the distribution sector under the theme 'Leveraging Integration: Strategies for a Dynamic Distribution Sector in the EAC'.**

The overall objective of the Peer-to-Peer Learning Conference was to **identify and address factors hindering the growth of the distribution sector in the EAC and learn key strategies for developing the industry for the benefit of the private sector in the region.**

Specifically, the Peer-to-Peer Learning Conference had the following specific objectives:

- a) Share knowledge and practical experiences on addressing regulatory issues in the distribution sector in the EAC and other regional markets;
- b) Share knowledge and practical experiences on measures undertaken to enhance the growth and development of the distribution sector in EAC and other markets.
- c) Develop an action plan for supporting the growth of a dynamic distribution sector in the EAC
- d) At a general level, provide an avenue for a formal launch of the SO2 Component of the EU-EAC CORE programme.



Based on discussions held through plenary sessions, panel discussions and group work, the following were the key observations made during the Conference:

- a) The distribution sector is a major sector in the EAC, contributing significantly to gross domestic product and employment in all the EAC Partner States. It is also highly informal, meaning its real contribution is significantly higher than recorded.
- b) Data on the sector, including statistics on trade aspects and the number of players, is not available. This makes developing targeted interventions difficult.
- c) A key challenge of the sector relates to competition policies that largely lean towards protecting suppliers. This is mainly because the laws were developed to respond to the challenges supermarkets like Nakumatt, Uchumi, and Tuskys were having with suppliers.
- d) In terms of regulation, although all EAC markets are open for investors from other EAC Partner States, various laws and regulations, as well as administrative practices, hinder entry and sector growth. In Kenya, for example, a supermarket requires an average of 24 licenses to operate. Compliance thus becomes a burden in terms of cost and time required to secure all licenses.
- e) In terms of cross-border trade, key challenges relate to unharmonised standards, unharmonised domestic taxes and the prevalence of various non-tariff barriers (NTBs).
- f) Most small and medium enterprises lack products that meet the standards of major retail outlets and sufficient volume/quantity to meet the needs of leading retail outlets.

- g) On franchising, the region has no local franchisable brands, which has stifled growth/uptake in the sub-sector.

In addition, businesses have not yet embraced franchising as a viable path to business expansion, which calls for capacity building. The sector also *lacks sufficient manpower and franchising experience*.

- h) In terms of regulating the franchising sector, EAC should draw best practices from the World Franchising Federation, which provides guidelines countries may follow. While some countries have franchising-specific laws, these are in the minority. Sector laws/codes are, however, necessary to guide sector growth.
- i) In e-commerce, the sub-sector is growing steadily across the EAC, driven in part by increasing internet penetration, a budding digital market, and a tech-savvy demographic. E-commerce is, however, mainly in urban areas and is hampered by various issues, including the cost of the internet, poor address systems, which are necessary in the supply chain, and perceived insecurity issues with regard to payment systems and the safety of customer data.
- j) On logistics and transport, the key issues remain the high transport costs in the

region, brought about by, among others, various non-tariff measures like weight bridges, police roadblocks, levies and charges, corruption and the like.

- k) Fintech is growing rapidly in the region. Regular engagement between the sector and the public sector is necessary to support growth.
- l) Women's inclusion in all sectors discussed is important. Policies and strategies to address gender-blind norms and practices and women's unique barriers are necessary, particularly in the distribution, transport and logistics sectors.
- m) The concepts of best-by-date, use-by-date, sell-by-date, and expiry date of products are poorly understood in the region, and there is no uniformity in the interpretation of the same and the labelling. This leads to food waste as well as a lack of access to markets.
- n) A number of EAC directives and protocols are yet to be implemented, eroding the EAC common market. Beyond urging Partner States to implement commitments, there is a need to make up with sanctions that can compel implementation. A properly functioning EAC is necessary if the region is to reap the benefits of the African and Tripartite continental free trade areas (AfCFTA and TFTA).



Best Practices Learned

Based on the discussions, the following best practices were identified:

- a) Competition laws for the competition authority should be based on a superior bargaining position, which may be vested in either the distributor or the supplier.
- b) Regulatory impact assessment should be undertaken.
- c) Transparency of the regulatory environment, including licensing and taxation, is critical for all businesses. It creates predictability, which in turn supports investment decisions.
- d) Regulatory impact assessment is critical in any good regulatory environment as it helps both regulators and the regulation's targets understand the implications of regulatory actions, identify the most efficient and effective options, and make informed decisions.
- e) In franchising, creating and/or identifying local/domestic franchisable brands is the key to sub-sector growth, as the Franchisor often drives the franchising business.
- f) A common voice and agenda are necessary for the private sector to succeed in engaging with the government on policy or other issues. Fragmented voices with differing recommendations often confuse policymakers, leading to inaction.

- g) Enhancing professionalism in a sector benefits efficiency and sector growth. The Freight Forwarders Association of Eastern Africa (FEAFFA) has collaborated with the EAC Customs Department and customs

authorities at the national level to train over 7,000 freight forwarders. This has resulted in measurable benefits in reduced delay, faster clearance times, and fewer errors.

Recommended Actions

Several recommendations were proposed for action by the EAC policymakers as well as sector players. These are presented below per thematic area:

On Distribution (Retail and Wholesale) Sector

- a) Conduct a review of the distribution sector to identify competition and consumer protection concerns that may be prevailing in the sector and recommend policy interventions.
- b) Collect data and statistics in the distribution sector to understand its dynamics, as well as guide needed interventions
- c) Review and reevaluate existing competition laws in the distribution sector to ensure they balance the interests of all key stakeholders, i.e., suppliers, retailers, and consumers. Power should be defined as a superior bargaining position.
- d) Develop a regional framework to address the cross-border distribution sector issues in a timely manner
- e) Targeted capacity-building programmes for SMEs should be put in place to enhance their linkages with major retail outlets. This may include supporting the improvement of the quality of products, putting in place quality systems in production facilities to strengthen compliance, addressing quantity and volume concerns through supporting aggregation and cooperatives, plus enhancing other business-level compliance systems such as business registration and taxation requirements.
- f) Undertake sensitisation and capacity building of SMEs on competition law and policy and the need for compliance.
- g) Continue harmonising standards across the region to address barriers resulting from disparate mandatory standards. In

- addition, support Partner States in rolling out and enforcing the EAC standards.
- h) Undertake simplification of the regulatory requirements in the distribution sector to among others remove the compliance burden and regulatory overreach. This should include streamlining, simplifying, consolidating and eventually automating the various licensing requirements.
- i) Enhance transparency of regulatory requirements by publishing all key laws and requirements to establish and operate distribution outlets across all sectors.
- j) Enhance predictability of the regulatory environment through, among others, involving the private sector in any proposed law reviews, undertaking regulatory impact assessment and ensuring different government agencies/laws talk to each other
- k) Enhance trade facilitation across the entire business cycle, from business registration right through to business closure/insolvency
- l) Enhance the uptake of the AEO scheme among cross-border traders
- m) At the private sector level, enhance industry self-regulation through, among others, developing codes of conduct for practitioners
- n) Enhance professionalism in the distribution sector by developing minimum qualification requirements and training sector players.
- o) To enhance sustainability and reduce waste, the EAC should develop a campaign to educate the public on issues related to best-by-date, use-by-date, sell-by date and expiry date of products

On Franchising Sector

- a) Undertake sensitisation and awareness creation of the concept of franchising
- b) Develop a pool of franchising experts who can support businesses interested in engaging in franchising. This could be through developing a certified franchise executive course, either through academia or other avenues like an institute for franchise practitioner
- c) Create franchisable brands. This should also include identifying franchisable companies, concepts, and products.
- d) Develop a law/model Act to provide minimum statutory regulation for the franchising industry. This will ensure that the sector's future growth does not happen in a vacuum.
- e) Establish franchise alliances/associations at the local (at Partner State level), regional (at EAC Level), and African levels to support the franchising sector. Once established, they should engage with the World Franchise Council to learn and adopt best practices in the sector
- f) Enhance learning through participating in franchising exhibitions in Africa and globally.
- g) Enhance access to finance for the franchising sub-sector. Among others, banks should develop franchise-specific products.
- h) Implement policies and programmes to enhance franchising's uptake. These may include incentives for franchising embracers, such as tax breaks and capital provision, for example, through government borrowing to on-lend to franchise businesses.

On e-commerce

- a) Enhance access to affordable internet, including last mile connectivity.
- b) Enhance access to smartphones through addressing barriers like the cost of devices
- c) Develop easy and secure payment options to address the challenge of cyber crimes
- d) Enhance digital literacy to enhance penetration of e-commerce

- e) Develop buyer and seller protection mechanisms to enhance the uptake of e-commerce
- f) Put in place dispute resolution mechanisms
- g) Enhance last mile logistics to make the e-commerce sector competitive.

On Transport and Logistics Sector

- a) Undertake a study to understand the cost drivers in transport services and implement the recommendations.
- b) To reduce time and cost related to processes and procedures of clearance and enhance technology adoption, including automation. This also removes rent-seeking opportunities
- c) Enhance awareness of and use of existing trade portals that provide import and export procedures for main imported/exported products.
- d) Enhance collaboration among the private sector in the transport and logistics sector to ensure a common voice and agenda.
- e) Enhance and/or create a structured public private dialogue to address transport and logistics issues that arise.
- f) Continue implementation of trade facilitation measures in line with the WTO-TFA, which all EAC Partner States (except RSS) are signatories to. Attention should be on key matters like enhancing transparency, pre-arrival processing, advance ruling and risk management that improve cross-border trade
- g) Establish fast lane / green channels at OSBPs to reduce clearing times at border points
- h) Develop adequate common regional infrastructure to support the distribution sector. For example, develop the Nadapal route to RSS, to avoid overreliance on only one route.
- i) The region should put in place a dispute resolution mechanism that addresses any disputes amongst members in a timely manner.
- j) Implement all EAC decisions, including domesticating all CMP obligations

Financial Services as a complementary service to the distribution Sector

- a) Standardise policy and regulatory requirements to establish and operationalize fintech service provision in the EAC.
- b) Adopt best practices from across the globe – EU presents a good example within a regional integration process.
- c) Standardise anti-money laundering (AML) policies across the region to allow cross-border movement of capital.

- d) As fintech is a new and growing sub-sector, provide platforms for regular engagement between businesses and policymakers to support the sector's growth.

On Gender Inclusivity

- a) Create gender-sensitive infrastructure, particularly at border points.
- b) Put in place gender sensitive policies related to employment, security and safety. Within this, confront cultural practices and norms that enhance gender exclusion.



Above: Delegates during the Peer to Peer Learning Conference

2. INTRODUCTION

2.1. Background to the Peer-to-Peer Learning Conference

The East African Community (EAC) strives for seamless movement of goods, services, capital, and people across the region. Backed by the 11th European Development Fund, the European Union (EU) - EAC Common Objectives in Regional Economic Integration (EU-EAC CORE) program actively bolsters this objective by implementing EAC Customs Union and Common Market protocols.

Under the EU-EAC CORE programme are three work streams, and one of them aims to boost the free movement of services within the EAC, which is a crucial step in creating a well-functioning common market. GOPA Worldwide Consultants is assisting the EAC in achieving this goal. Under this initiative, **the EAC hosts annual Peer-to-Peer Learning Conferences to promote knowledge sharing and problem-solving among peers.**

Peer-to-peer learning is a key tool and valuable approach for generating and disseminating knowledge and fostering learning on an issue/topic, for example, reform processes or sector development, and can even become a motivational instrument in addressing the issue/topic to achieve desired goals. Peer learning tends to work best when targeted at a specific issue, sector, or area, as this allows peers to be mobilised to participate in the learning process, collaborate amongst themselves and undertake practical problem-solving to achieve meaningful outcomes.

Furthermore, peer learning is a means and not an end in itself and must thus be supported by complementary activities amongst the peer learners. These conferences also serve as communication and visibility events for the EU-EAC CORE program.

Premised on the above, the ***EAC held the inaugural Peer-to-Peer Learning Conference on 1-2 August 2024 at the Movenpick Hotel in Nairobi, Kenya. The Conference focused on the distribution sector under the theme 'Leveraging Integration: Strategies for a Dynamic Distribution Sector in the EAC'. This conference was also the first communication event of the EU-EAC CORE Programme.***

2.2. Objectives of the Peer-to-Peer Learning Conference

The overall objective of the Peer-to-Peer Learning Conference was to **identify and address factors hindering the growth of the distribution sector in the EAC and learn key strategies for developing the industry for the benefit of the private sector in the region.**

Specifically, the Peer-to-Peer Learning Conference had the following specific objectives:

- a) Share knowledge and practical experiences on addressing regulatory issues in the distribution sector in the EAC and other regional markets;
- b) Share knowledge and practical experiences on measures undertaken to enhance the growth and development of the distribution sector in EAC and other markets.
- c) Develop an action plan for supporting the growth of a dynamic distribution sector in the EAC
- d) At a general level, provide an avenue for a formal launch of the SO2 Component of the EU-EAC CORE programme.

2.3. Approach, Agenda and Participants of the Peer-to-Peer Learning Conference

The Peer-to-Peer Learning Conference brought together participants from both the public and private sectors to enhance learning and sharing of best practices. Private sector participants were from the distribution sector (retailers, wholesalers, and franchising practitioners) and their representative bodies, as well as the transport and logistics sector, suppliers, and the financial sector, which are complementary services to the distribution sector. The public sector representatives include the ministries of trade, EAC, and competition authorities. The East African Business Council, the EAC Secretariat, the EAC Competition Authority, the EU delegation, and the GOPA team also attended the Conference. The list of participants is attached in **Annex I**.

The conference adopted different methods of learning and sharing of experiences, including key presentations, panel and group discussions. A presentation on the distribution sector, its importance to the EAC region, and key challenges and trends set the scene for the conference. Panel discussions on the regulatory needs for the distribution sector, growth of the sector, e-commerce, and the nexus with transport, logistics, and finance were also had. To address cross-cutting themes, presentations and discussions on gender inclusivity and environmental concerns for the distribution sector were also had. The agenda is attached as **Annex II**. The Conference also included exhibitions by various companies from across the region.

The following sections provide a **summary of the main deliberations and key takeaways from the Conference, including the key learnings, best practices and recommended actions.**

3. OPENING SESSION



In her welcome remarks, **Ms. Angelique Umulisa, Principal Officer, International Trade at the EAC Secretariat**, noted that the EAC aims to create a single market and investment area where goods, services, labour, and capital can move freely across borders, improving the quality of life for citizens, enhancing economic competitiveness, and achieving sustainable development. She noted that the EU-EAC CORE programme aimed to advance these objectives through three main support interventions: supporting robust ICT-based data exchange protocols for clearing goods, providing new impetus to promoting the free movement of services and improving the capacity of the EAC Secretariat.

She noted that the Peer-to-Peer Learning Conference will be crucial in promoting the free movement of services, providing a platform to share best practices across the region. She stated the inaugural Peer to-Peer Conference was focused on an integral part of the economy: the distribution sector and its key complementary sectors like logistics. By bringing together diverse perspectives, she hoped that the participants could identify and address obstacles, foster innovation, and develop strategies that enhance the efficiency and effectiveness of the distribution sector in the EAC. She called on the participants to collaborate and develop proposals to address any challenges they identified, noting that we can build a stronger, more integrated, and prosperous East Africa for all.



Representing the EU Delegation, **Ms. Myra Bernardi, Head of Section, Green Growth and Livelihoods at the EU Delegation to Kenya** noted that the inaugural Peer-to-Peer Learning Conference on the distribution sector was a significant step towards deeper regional economic integration, as the sector plays a vital role in business by ensuring efficient product distribution, expanding market reach, and enhancing customer satisfaction. She noted the distribution sector is crucial for connecting producers with consumers, driving economic growth, job creation, and consumer satisfaction. She

indicated that the conference reflects the EU's longstanding partnership with the EAC on financial integration and trade matters, including support for the African Continental Free Trade Area (AfCFTA) and competition and digitalisation. She reaffirmed the EU's commitment to advancing the free movement of services within the EAC and fostering regional economic integration.

In her keynote address, **Ms. Elizabeth Miguda, Lead Trade | Services, SDT, Kenya**, noted how timely the Peer-to-Peer conference was, having come at a time when immense progress had been made at the EAC and with the AfCFTA in concluding negotiations on the seven and five priority service sectors respectively. She noted that trading under these committed sectors will likely steer the region to increase the value of services exports and inform upcoming negotiations on the distribution services sector under the AfCFTA.

Ms. Miguda highlighted the significance of distribution services in terms of Gross domestic product (GDP), employment and linking producers and consumers. She noted the sector's role in connecting key sectors like agriculture and manufacturing, offering opportunities for professionals like lawyers, accountants, and designers. She underscored the critical link between the distribution and transport sectors for the efficient flow of goods, reducing costs, expanding market reach, managing risks, promoting sustainability, and ensuring regulatory compliance. She noted various challenges faced by the sector, including fragmented regulatory obligations, informal nature, lack of specialised formal training and knowledge of concepts like franchising, adding that a streamlined distribution process can enhance resource allocation, reduce risk, lower expenses, improve quality, and provide consumers with a broader range of products at competitive prices. She wished the participants good deliberations and urged them to share knowledge and experiences on addressing regulatory issues and measures to enhance growth and development in the sector.



4. OVERVIEW OF THE EU-EAC CORE PROGRAMME AND STRATEGIC OBJECTIVE (SO2) COMPONENT:

Providing an overview of the EU-EAC-CORE Programme (CORE), **Ms Staicy Wagala, Team Leader of the EU-EAC CORE Programme**, stated that the overall objective of the CORE programme is to support the deepening of EAC regional integration through advancing implementation of the Customs Union and Common Market Protocols. She noted the programme has three specific objectives, including i) supporting EAC regional integration in the Customs Union area, ii) promoting free movement of services in the EAC, and iii) improving the EAC Secretariat's corporate services performance. These objectives will be met through three workstreams, namely:

- **Lot 1 – Supporting a more robust ICT-based data exchange protocol for clearing Goods, whose goal is building on** implementing the EAC Single Customs Territory. This will involve the removal of duties and other restrictive regulations, with outcomes such as having an integrated regional Customs ICT Platform rolled out, strengthening regional risk management and valuation functions, and strengthening the coordination and monitoring role of the EAC Secretariat.
- **Lot 2 – Supervision of delivery of Workstream 1**, which constitutes a supervision mechanism to ensure the timely and effective completion of activities under Workstream 1. Key activities in this workstream include regularly monitoring project performance, ensuring Compliance with agreed specifications, advising EAC and the EU on the technical and Operational matters relevant to the timely and effective completion, and proposing solutions to any identified challenges.
- **Lot 3: Foster Free Movement of Services within the EAC.** This workstream had two areas of specific focus, namely:
 - i. Providing new impetus to promoting the free movement of services, a crucial building block for creating a well-functioning common market to improve the implementation of agreed EAC commitments on the liberalisation of services.
Under this objective, the output areas include:
 - Monitoring mechanisms for the removal of restrictions in prioritised sectors are supported.
 - Regulatory reforms for removal of restrictions in trade in services are supported.
 - Awareness and coordination are promoted.
 - ii. Reinforcing the EAC Secretariat's capacity to deliver its overall mandate by improving corporate services performance.
 - iii. implementation of the CORE programme with the following output areas:
 - Support the EAC Secretariat to carry out its Programme Management functions of the EU-EAC CORE
 - Support the EAC Secretariat in effectively carrying out its C&V functions with regard to the EU-EAC CORE programme;
 - Institutional development of the EAC Secretariat



5. KEY TAKEAWAYS FROM THE CONFERENCE SESSIONS

5.1. Setting the Scene: Distribution sector in the EAC



Ms. Wambui Mbarire, the Chief Executive Officer of the Retail Trade Association of Kenya (RETRAK), set the scene with a presentation on the distribution sector in the EAC. She noted that the sector is a key contributor to the gross domestic product (GDP) of all EAC Partner States, contributing over 7% in all Partner States. She noted, however, that the sector has significant challenges due to various factors, among them a lack of comprehensive data, which hampers effective intervention strategies. Standards vary across the region, creating barriers to seamless trade.

In terms of market entry, she noted that while the regulatory environment is generally free, there are notable limitations at the national level, particularly administrative barriers that make operating in the sector costly.

Giving an example with Kenya, she noted that a supermarket needed over 25 different licenses to operate and stock most of the sought after products. Environmental considerations, such as best-by, sell-by, and expiry dates, crucial for sustainability and adherence to environmental standards, were poorly understood across the region.

To address these issues, Ms Mbarire made various recommendations, including;

Tackling Non-Tariff Barriers (NTBs)

Harmonizing domestic taxes

Implementing an EAC Model Law on Franchising

Additionally, self-regulation was emphasised as a key strategy for the private sector to enhance efficiency and compliance.

In terms of sector growth, she noted that the EAC is foundational within broader frameworks like the Tripartite Free Trade Area (TFTA) and the African Continental Free Trade Area (AfCFTA).

5.2. Moderated Panel Discussion 1: Addressing regulatory barriers in the distribution sector

Mr. Jesse Mutua, Project Manager of the EU-EAC-CORE Project, moderated Panel Discussion 1. The panel discussed the key regulatory barriers affecting the growth of the distribution sector, best regulatory practices that can facilitate its growth and efficiency, and regulatory needs for franchising and e-commerce. In addition, it discussed how to enhance competitive behaviour for the development of the distribution sector.

Below are the highlights of the key issues raised and best practices shared by each panellist:



Ms. Wambui Mbarire, CEO, RETRAK:

Regarding key issues, Ms Mbarire noted that facilitating the sector must be accompanied by a predictable environment, including a good regulatory system, integrated logistics, and harmonisation of issues like standards. Their lack leads to inefficiencies that make trading across the region much more expensive, rendering local goods uncompetitive. Addressing them is vital as the local market is insufficient

for economies of scale, making the EAC region and the wider market offered by AfCFTA and TFTA an imperative for the region.

On Solutions / Best Practices, Ms Mbarire noted that research on buyer power by the competition authority led to a law amendment that was initially punitive towards retailers as it addressed a specific challenge with the buyer-seller relations then. This law needed to be amended to address superior bargaining positions, recognising that this could be either the buyers or the suppliers. There was a need to streamline and harmonise regulations, ensuring transparency in licensing. This should include establishing predictable tax policies across the region, noting that VAT remains a pain point. She called for tax systems that fit into business systems and not vice versa. Globally, best practices involve a collaborative approach between suppliers and retailers to sell products profitably and affordably for consumers.



Albert Munyabugingo Co-Founder and CEO, Vuba Vuba Africa:

Mr. Munyabugingo indicated that Vuba Vuba is an e-commerce platform in the food and goods market, with about 700 sellers, mostly SMEs. The company planned to expand to other EAC Partner States. For e-commerce to thrive, he underscored the need for regulations to create an enabling environment where SMEs and their customers transact easily with each other. He noted some key barriers relating to taxation, including double taxation. Another key issue was the lack of confidence in local brands, with many consumers preferring Western products and solutions.

In terms of solutions, he called for harmonisation of domestic tax regimes and undertaking regulatory impact assessments to understand the impact of proposed / existing policies on small businesses. He called for the private sector to speak with a harmonised voice to ensure they had a strong position, adding that the business community needed to coalesce around strong representative bodies that provided a trusted partner to the government. He urged the government to seek to understand the business set-up /investor journey before enacting new laws, noting that many small businesses did not grow beyond three years because the business environment, particularly from a regulatory perspective, was not conducive for growth.



Mr. Shafiq Musoke – Research Director, Uganda Retailers & Wholesalers Association (URWA)

Mr Musoke noted that the private sector in Uganda faced challenges similar to those highlighted in previous sections. Key among them were regulatory inconsistencies and overlapping oversight by different bodies. These two issues create inefficiencies that often increase the cost of doing business.

He called for simplifying and automating compliance requirements to facilitate compliance and reduce rent-seeking opportunities. He also called for engaging with the private sector before introducing new laws.

In addition, he advocated for piloting new laws to establish how they would work and what impacts they would have on businesses before rolling them out country-wide or regionally.



Wambugu Wa Gichohi, CEO, of World ahead Franchising

Mr. Wambugu introduced the concept of franchising, noting that it represented an arrangement where a tried-and-tested brand (Franchisor) allows another (not tried-and-tested—franchisee) to use its brand. He noted that franchising as a business growth strategy and model was not well understood in the region and was not regulated at all, with existing franchises relying on contract law. He indicated that globally, the World Franchise Council provided codes of practice.

Still, most countries relied on self-regulation for the sub-sector, with only 11 of the 45 WFC members having specific franchise laws. He noted that regulations for the sector should cover inbound franchises, e.g. KFC, Burger King, etc, coming into the region and outbound franchises, which would be local brands that have grown and expanded to other EAC or African countries. He indicated that franchising in EAC was mainly the inbound type.



Regarding best practices, Mr. Wambugu noted the need to create EAC franchising products/brands that can be supported to grow across the region and Africa.

He noted there was a programme in Tanzania, the African Franchising Accelerator, that aimed to support such growth but was national. In addition, he stressed the need to create a law to provide a minimum statutory regulation. This should be aligned with the WFC model franchise law. This law will ensure

that the sector does not grow in a vacuum. In addition, he underscores the need to establish an EAC Franchise Council supported by local / country Franchise Federations / Associations.

Stellah Onyancha, Deputy Registrar, Monopolies and Cartels Division at the EAC Competition Authority (EACCA)

Ms Onyancha noted that the EACCA had studied competition issues in the distribution sector in 2018. Even though the study was a bit dated, the issues it raised were still valid, particularly with regard to matters of buyer power through delayed payments, exclusionary conduct and other abuses of market dominance. The study also highlighted barriers suppliers faced when going to other countries, including licensing requirements that restricted entry.



Among the key recommendations of the Study were the need for a Code of Practice between suppliers and retailers, a solution to address issues like delayed payments, standards to be developed and harmonised to ease the movement of goods, and mechanisms for the region to remove restrictions on the establishment of supermarkets in each other's markets.

In response to participant regarding best practices, Ms. Onyancha noted the need to review the current status regarding abuse / economic dependence. She indicated that COMESA had amended its Competition Act, and the EACCA was collaborating with them on the same. In addition, there was a need to build the capacity of the national authority to address issues in the distribution sector better. It was also necessary to develop a regional framework to address the cross-border distribution sector issues in a timely manner.



5.3. Moderated Panel Discussion 2: Distribution Sector and Transport and Logistics Nexus

Ms. Angelique Umulisa moderated the second Panel Discussion, which focused on the transport and logistics sector as a complementary service to the distribution sector. The discussions also examined the key challenges in the transport and logistics sector and their impacts on distribution services.



Below are the highlights of the key issues raised and best practices shared by each panellist:



Dr. Merian Sebunya, Chair, National Logistics Platform Uganda:

In her exposition, Dr Sebunya noted that the main regulatory challenges in transport and logistics are not specific to the distribution sector but affect every part of the supply chain, affecting the entire economy. Despite a lot of focus, she noted that NTBs continued to plague the region, making the cost of doing business uncompetitive.

She indicated that road tolls and weigh bridge costs imposed on trucks travelling from Mombasa to Kampala can go up to 350 USD per day, affecting the price of goods. She also noted the arbitrary nature of policy and regulatory changes in EAC countries without the necessary engagement with stakeholders, coupled with a fragmented private sector with discordant opinions and does not engage regulators in a formal and structured way as a factor impeding the development of coherent regulation. Lastly, she indicated that many countries in the region have an unpredictable investment climate and working conditions.

Dr. Sebunya proposed the following reforms and best practices to address the challenges above:

- Proper engagement between the public and private sectors through formal dialogue structures. The CORE programme should develop a strong link with the private sector through the EABC, which links the private sector to the government at the national level.
- Continued implementation of the Memorandum of Understanding between the EAC and the Federation of East African Freight Forwarders Associations (FEAFFA). She noted that over 7,000 freight forwarders had been registered and trained under the EAC Cooperation. As a result, delays have been reduced.
- There is a need for a concerted effort to reduce transport costs related to toll booths and weighbridges.
- More needed to be done to create an integrated EAC common market. This included removing existing barriers to the free movement of transport and logistics and harmonising transport-related laws.
- The region needs to be developed based on the comparative and competitive advantage of each Partner State rather than pursuing unhealthy competition between the states.

Amos Joseph Kenyi, Executive Secretary, South Sudan Freight Forwarders Association

Mr Kenyi indicated that the Republic of South Sudan (RSS) faces regulatory challenges caused by the country's landlocked nature, which raises transportation costs and delays clearance processes. Transport providers also have to deal with bureaucratic delays. For example, private entities and UN agencies can obtain the proper documentation for up to four months. In addition, insecurity and the lack of technology, such as e-tax, limit transportation services within the country.

Mr. Kenyi proposed the following reforms for transport services in RSS:

- Develop transport infrastructure, especially the Nadapal road, to reduce the reliance on the Malaba Nimule route.
- Institute regulatory reforms involving bodies such as the police and security agencies, not only relating to customs. Such reforms should be transparent.
- Build capacity on trade agreements.
- Foster cooperation between countries and deal with border disputes.
- Promote regional efforts to enhance peace.

Paul Higiuro, Secretary General, Uganda Freight Forwarders Association & Board Member of FEAFFA:

Noting that previous speakers had discussed most challenges, Mr Higiuro added that transport services are subject to different standards for the cross-border movement of goods, which resulted in delays at borders. In addition, players in the sector also have varying levels of knowledge and professionalism, contributing to delays in clearance processes. Mr. Higiuro proposed the following reforms:

- Similar to the freight forwarders course, the EAC revenue authorities, together with the EAC, should develop a curriculum for customs agents to provide minimum requirements for licensing them;
- The region should foster collaboration through advocacy and engagement of the private sector before new laws are introduced. In addition, new laws should be implemented in a structured manner.
- Industry should embrace self-regulation, for example, through developing and upholding common standards like FEAFFA has done
- There is a need to create a distribution hub in Gulu.



5.4. Learning Garage – Group Work on Identified key Challenges and Proposed Solutions

The key takeaways from the group work were that simplifying compliance processes with measures like reducing regulatory burdens, amending unpredictable tax laws, and transparency was key to reducing bureaucratic hurdles and promoting efficiency. It was also noted that collaboration between stakeholders, adopting best practices from other countries and encouraging self-regulation within the distribution sector was necessary for efficiency in the distribution services sector.

Challenges:

Some of the challenges that were raised during group work include:

- Company registration and market access issues
- Unharmonized charges across the corridors though a task force has been established at the EAC level, and the team will complete the task soon
- Numerous checkpoints / NTBs
- Unharmonized standards
- Unpredictable policies
- Inadequate infrastructure



Solutions:

From the discussions, several proposals were made, such as:

- Address and resolve NTBs by reinvigorating the NTB Monitoring mechanism
- Harmonise standards/ regulations and enhance capacity to implement the harmonised standards.
- Introduce integrated / automated clearance systems
- Expand of AEOs
- Simplify procedures as part of enhanced trade facilitation and build awareness of the existing trade portals
- Publish laws to facilitate transparency
- Encourage collaboration between stakeholders (stop private sector fragmentation), harness dialogue and structured PPD
- Implement SCT
- Limit regulatory over-reach
- Adopt technology, ICT integration, and connectivity
- Implement all EAC decisions, including domesticating all CMP obligations
- Plan for common region infrastructure projects
- Promote self-regulation, enhanced by compliance with set rules and regulations
- Have regular M&E on what is agreed

5.5. Moderated Panel Discussion 3: Enhancing Growth of the Distribution Sector

Ms. Serah Kimani, Trade in Services Advisor at the EAC Secretariat, moderated the third Panel Discussion, which was focused on enhancing the growth of the distribution sector. Discussions focused on strategies and best practices on linking suppliers, particularly SMEs, to main retail outlets, the skills needed for the 21st century distribution sector, and issues around enhancing e-commerce uptake and penetration, as well as franchising, for growth of the distribution sector.

The section below highlights the key takeaways from each panellist:

Finella Iams, Technical Advisor, South Sudan National Chamber

In areas requiring support for MSMEs, Ms Iams noted that the challenges facing the RSS sector are largely due to capacity limitations, highlighting the need for capacity building. With 68% of the total population being women and the majority being illiterate, most businesses remain informal, underscoring the need for capacity building as a necessary step in formalisation. Support was also needed in the development of products and standards.

Building alliances and strategic partnerships is also important, including tapping into existing platforms such as EABC and EAWiBP, through which RSS has already acquired projects. Agriculture remains a leading sector, which makes value addition, proper storage, branding, and post-harvest handling key issues that need addressing. The Simplified Trade Regime (STR) and the SCT have not yet been implemented in the region.

On the needed support for SMEs to plug into the supply chain, Ms Iams proposed that development aid should have modalities designed to champion specific interventions, creating pull factors that generate multiplier effects. The STR, along with PPPs, can also help facilitate this process.

Karen Kithu, Customs Regulatory Affairs & First Choice Manager, DHL



Ms Kithu highlighted opportunities for logistics and trade facilitation that can enhance the efficiency of distribution services. Simplification of processes and procedures, along with automation, can improve efficiency in trade. Automation, for example, allows pre-arrival processing of cargo, which reduces both the time and cost of

business. Building trust within the supply chain is also essential, with Authorised Economic Operator schemes being a measure that can help. Advanced risk profiling can further improve risk management, enhancing supply chain security.

Regarding best practices for enhancing growth in the distribution sector, Ms. Kithu noted compliance, embracing automation and digitisation as strategies for efficiency, value addition and leveraging existing platforms such as trade portals.

Joseph Onyach, Chief Supply Chain officer, Kuku Foods / KFC Kenya

Mr. Onyach noted that SMEs face challenges in reaching quality and certification standards that major retailers require. For example, KFC demands specific product varieties, and SMEs must develop the capacity to meet these standards. SMEs also struggle to meet volume requirements, especially from large retailers, which leads to overreliance on imports. SMEs may also face challenges when trying to meet quality and volume demands due to the lack of finances to scale up operations.

Some strategies that could be used to overcome these challenges include establishing partnerships with suppliers, corporates, and aggregators to meet volume requirements. Improved systems and equipment are also crucial for increasing efficiency in meeting quality and quantity requirements. Capacity building is also necessary to understand market needs.

Livingstone Kimaro, Manager e-commerce), PostaShop TZ

Mr Kimaro noted that the pandemic permanently changed distribution services, with many businesses shifting to online stores and supply chains, reducing reliance on China and shifting to nearshoring. To enhance the distribution sector, he proposed the adoption of technology to improve payment gateways and expand internet penetration, particularly with the growth of e-commerce, while leveraging a Universal Service Communications Access Fund to reduce associated costs and gated marketing to attract traffic to the e-commerce website through social media.

Beyond technological strategies, Mr. Kimaro also suggested improving logistics and supply chains, such as enhanced warehousing facilities and increased touchpoints to boost efficiency. He noted the following strategies that Tanzania had adopted to improve mile logistics:

- Extensive networks, such as those provided by Posta, which he argued are crucial for reaching customers effectively.
- Partnerships with third-party logistics companies, such as Air Tanzania and DHL, to expand reach and improve delivery services.
- Implementing the National Physical Address System (NAPA), which covers 12 million households, is instrumental in improving the accuracy and efficiency of last-mile deliveries. He noted that the future direction calls for optimising routes, tracking packages, and using drones for delivery.

Elliot Njeimana, President, Sectoral Chamber of Services Burundi

Responding to the critical role of last-mile logistics in reaching customers efficiently, Mr Njeimana noted that success lay in integrating the whole supply chain, particularly through technology. Logistics efficiency had an impact on consumer experience with regard to timeliness and accuracy of deliveries, as well as the cost of products. These factors are critical to build confidence in e-commerce. Enhancing last-mile logistics in the EAC called for concerted efforts, especially to better use technology in areas like routes, tracking deliveries, payment systems and overall keeping the costs down. It also called for harmonisation of policies across the region to support e-commerce.

The roles of various transport and logistics stakeholders are evolving, especially with e-commerce. Mr. Njeimana noted the need to continue adopting digital solutions to enhance efficiency and service quality, noting that customers now want speed, flexibility, and reliability. This, in turn, calls for the necessary infrastructure development, strategic partnerships, and a supportive regulatory environment.

Wambugu wa Gichohi, CEO, World ahead Franchising

Mr Wambugu reiterated that a lack of information on the sector constrains the uptake of franchising. To enhance understanding, several strategies can be adopted. These include targeted training on franchising, written articles on franchising, TV appearances, books, and presentations made to the business community, instituting certified franchise courses and encouraging BMOs to attend franchise exhibitions in Africa and globally. Other strategies include engaging with banks on access to finances for franchising and enabling policies and legislations that promote franchising e.g., offering incentives like tax breaks to enterprises embracing franchising.

Mr Wambugu also advocated for the region to adopt best practices from other countries to promote franchising. Some of the practices he proposed included:

- Government initiatives supporting franchising in other African countries, such as the TZ-TPSF project funded by the AfDB in Tanzania and the Small Enterprise Development Funds in South Africa.
- Setting up a franchise financing facility as recommended by a study done by Afremix Bank.
- Learning from Individual World Franchising Council (WFC) members.

In responding to the issues above, **the following key points were noted in the plenary:**

- There is a need to enhance the uptake of the authorised economic operator (AEO) scheme as a means to address logistics-related issues for cross-border traders. This should be across the three key pillars of AEO: customs to customs, customs to business, and customs to other business agencies. Furthermore, it was noted that there were plans to establish an AEO Association of East Africa.
- There was also a need to address the trust issue if e-commerce was to pick up in the region. This included addressing cultural biases as well as concerns with the security of data and consumer protection.

5.6. Key takeaways from the Action Learning Groups

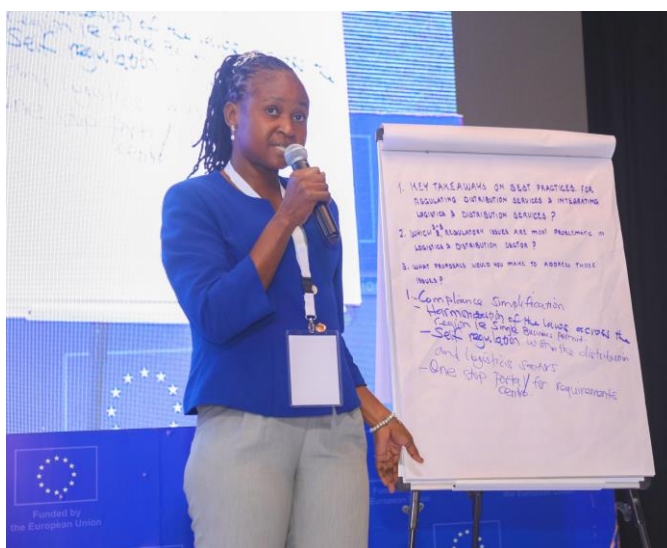
The following were the key takeaways from the Action learning groups:

Linking SMEs to retail outlets

SMEs are small businesses and cooperatives with 30 to 250 employees, while retail outlets are supermarkets and warehouses that sell goods to other companies or consumers.

Some of the ways SMEs can be linked to retail outlets include:

- Encouraging SMEs to join SACCOs that market them, offer capital and source markets.
- Creating opportunities for SMEs to join e-commerce platforms such as Jumia and Amazon.
- Promoting capacity building for SMEs to help in standardisation and compliance.
- Encouraging SMEs to participate in trade fairs and expos.
- Creating PPPs through seed funding, business incubation, product standardisation, and marketing.
- Creating networking opportunities such as open dialogues and days for SMEs to be trained on procurement processes.



Enhancing Gender Inclusivity in the Distribution Sector

Women are significantly underrepresented in Africa's distribution sector, accounting for 17-23% of employees. The participation of women in distribution services is impeded by challenges such as cultural barriers, lack of access to resources, limited networking opportunities, regulatory and policy barriers, socioeconomic barriers, gender stereotyping, limited mentorship and role models, and safety and security concerns. Gender inclusivity.

Gender inclusivity in the distribution sector can be enhanced through the following measures:

- Mentorship of female business owners by female role models.
- Affirmative action.
- Addressing cultural norms and barriers that limit the participation of women in the distribution sector.

- Creating gender-sensitive infrastructure.
- Improving safety and security for women in business.
- Encouraging skill-based education.
- Promoting gender-sensitive employment policies.

Enhancing uptake of E-commerce

To enhance the uptake of e-commerce, a comprehensive approach is needed that addresses several key areas. Improving last-mile distribution through efficient logistics and accurate mapping ensures timely and reliable deliveries. Expanding internet connectivity and making devices more affordable will increase access to e-commerce platforms, especially in underserved areas. Strengthening infrastructure and improving accessibility are vital for reaching remote locations. Promoting digital literacy empowers more users to engage with online platforms, while buyer and seller protection mechanisms and effective dispute resolution processes build trust. Finally, easy and secure payment options are essential for seamless transactions, encouraging greater participation in the e-commerce ecosystem.



Environmental considerations in the Distribution sector

From the discussion on environmental considerations in the distribution sector, the following recommendations were made:

- Encourage using environmentally friendly packaging, like replacing polythene bags with biodegradable bags.
- Adopt digital tools to replace paper
- Encourage the use of electronic vehicles.
- Use green production facilities
- Create awareness and sensitise the public to the green distribution sector
- Use bulk transportation methods like trains.
- Develop eco-disposal systems for expired products



Clearing and forwarding

With regard to clearing and forwarding, three measures were proposed:

- Transparency in licensing clearing and forwarding agents is important, as is transparency in legislation through publication, gazettelement, and explanations of laws.
- Fast lanes and expedited clearance services are available at some border points like Moyale.
- Revision of roles of clearing agents and customs officials regarding valuation.

5.7. Enhancing Gender Inclusivity in the Distribution Sector

In her presentation, Ms Joyce Butitu, Vice President, Secretary of the Organisation of Women in International Trade (OWIT), highlighted that while distribution services are crucial to economic integration and growth in East Africa, women are significantly underrepresented in the sector, accounting for between 17 to 23% of employees. Some of the challenges presented that prevent women from participating in the sector include cultural barriers, lack of resources, limited networking opportunities, regulatory and policy barriers, socioeconomic barriers, gender stereotyping, limited mentorship and role models, and safety concerns. From the presentation, gender inclusivity in the distribution sector is important because it promotes fairness, equity, economic growth, sustainable development (particularly SDG 5), diverse perspectives leading to economic growth, and market expansion.

Some strategies being utilised on the African continent include:

- Gender-Sensitive Trade Policies (Rwanda): Policies promoting women's participation in trade and reducing barriers in the distribution sector, ensuring equal opportunities.
- Regulatory Simplification (Uganda): Reforms simplifying business registration and licensing, helping women entrepreneurs formalise and join the distribution sector.
- Inclusive Procurement Policies (Kenya): The AGPO program reserves 30% of government procurement opportunities for women, youth, and persons with disabilities, fostering economic empowerment.
- Workplace Equality Legislation (Tanzania): Laws promoting workplace equality, such as equal pay and maternity leave, attract and retain women in the workforce.
- Skills Development (Ethiopia): Partnerships provide women with logistics and supply chain management training, boosting their participation in the distribution sector.
- Awareness Campaigns (Ghana): Nationwide campaigns promote gender equality across sectors, creating supportive environments for women in traditionally male-dominated industries.



5.8. Moderated Panel Discussion 4: - Role of Financial Services in the growth of Distribution Sector in the region

Ms Staicy Wagala, the EU-EAC CORE Team Leader, moderated the fourth panel discussion, which focused on the role of financial services in the growth of the distribution sector in the region. It brought together leading players from the fintech sector in the EAC. The key takeaways from the discussions were the following:

Stephen Mwangi, CEO of NIOBI

Mr Mwangi indicated that Niobi offered a centralised financial platform that helped businesses manage finance operations and local and cross-border payments. He noted that the company supported over 10 currencies for cross-border businesses, had a reach of over 13 countries, and supported over 30 local and global payment methods.

Kenneth Ntende, CEO, DusuPay – Uganda

Mr. Ntende indicated that DusuPay offers a payment solution for businesses that accept payments online from Africa. DusuPay supports multiple currencies, and its system is able to operate in over 50 countries globally. In addition, the company offers multi-channel payment methods, including mobile money and international payment options like VISA, MasterCard and Verve, to support online businesses. Mr Ntende added that they also offered a pay-out solution for money remittance and cryptocurrency companies paying out to Africa to both mobile money and bank accounts.

Paul Wahome, Technical Director, D-Cash Africa

Mr Wahome indicated that D-Cash is a mobile app that allows users to deposit and withdraw funds from forex brokers using mobile money or bank transfers. While currently specifically designed to manage forex funds, the company was in the process of expanding its product offerings to support businesses engaged in cross-border trade, including through e-commerce platforms. Mr. Wahome indicated



that the company was in the process of expanding to the Uganda and Tanzania markets.

Being in a similar sector, the three panellists raised similar issues. Among the key challenges noted, the main ones are:

- A disparate regulatory framework made doing business across the region expensive and unpredictable. This, in turn, hindered establishment in other EAC Partner States, particularly due to different requirements that were not always clearly set out.
- Lack of implementation of the EAC payments system leads to high cost of cross-border payments, particularly through currency exchange. In addition, the differing money laundering laws also made the movement of capital across the region a challenge.
- Lack of trust in online payment systems, although the culture was slowly changing due to mobile money systems.

In terms of proposed solutions, the following were proposed:

- Fintech should be viewed as an enabler for businesses, and governments should regulate the sector accordingly. As a new sector, the regulatory framework must not be too restrictive to support growth and innovation.
- There is a need to harmonise and / or standardise the regulatory framework across the region to enable cross-border investments by fintech companies
- To ease the movement of capital across the region, there is a need to standardise anti-money laundering (AML) policies.
- To address the cost of cross-border payment, especially with AfCFTA in mind, the region should implement the proposed Pan-African Payment and Settlement System. The region should adopt best practices from across the globe; for example, the EU presents a good example within a regional integration process
- As fintech is a new and growing subsector, provide platforms for regular engagement between businesses and policymakers to support the sector's growth.

6. RECOMMENDED ACTIONS

Based on the topics discussed above and the key best practices emanating from the discussions, several recommendations were proposed for action by the EAC policy makers and sector players. These are presented below per thematic area:

On Distribution (Retail and Wholesale) Sector



- a) Conduct a review of the distribution sector to identify competition and consumer protection concerns that may be prevailing in the sector and recommend policy interventions.
- b) Collect data and statistics in the distribution sector to understand its dynamics as well as guide needed interventions
- c) Review and reevaluate existing competition laws in the distribution sector to ensure they balance the interests of all key stakeholders, i.e., suppliers, retailers, and consumers. Power should be defined as a superior bargaining position.
- d) Develop a regional framework to address the cross-border distribution sector issues in a timely manner
- e) Targeted capacity-building programmes for SMEs should be implemented to enhance their linkages with major retail outlets. This may include supporting the improvement of the quality of products, putting in place quality systems in production facilities to strengthen compliance, addressing quantity and volume concerns through supporting aggregation and cooperatives, plus enhancing other business-level compliance systems such as business registration and taxation requirements.
- f) Undertake sensitisation and capacity building of SMEs on competition law and policy and the need for compliance.
- g) Continue harmonising standards across the region to address barriers resulting from disparate mandatory standards. In addition, support Partner States in rolling out and enforcing the EAC standards.
- h) Simplify the regulatory requirements in the distribution sector to, among other things, remove the compliance burden and regulatory overreach. This should include streamlining, simplifying, consolidating, and eventually automating the various licensing requirements.
- i) Enhance transparency of regulatory requirements by publishing all key laws and requirements to establish and operate distribution outlets across all sectors.
- j) Enhance predictability of the regulatory environment through, among others, involving the private sector in any proposed law reviews, undertaking regulatory impact assessment and ensuring different government agencies/laws talk to each other
- k) Enhance trade facilitation across the entire business cycle, from business registration right through to business closure/insolvency
- l) Enhance the uptake of the AEO scheme among cross-border traders
- m) At the private sector level, enhance industry self-regulation through, among others, developing codes of conduct for practitioners
- n) Enhance professionalism in the distribution sector by developing minimum qualification requirements and training sector players.
- o) To enhance sustainability and reduce waste, the EAC should develop a campaign to educate the public on issues related to best-by-date, use-by-date, sell-by date and expiry date of products

On Franchising Sector



- a) Undertake sensitisation and awareness creation of the concept of franchising
- b) Develop a pool of franchising experts who can support businesses interested in engaging in franchising. This could be through developing a certified franchise executive course, either through academia or other avenues like an institute for franchise practitioner
- c) Create franchisable brands. This should also include identifying franchisable companies, concepts, products
- d) Develop a law/model Act to provide minimum statutory regulation for the franchising industry. This will ensure that the sector's future growth does not happen in a vacuum.
- e) Establish franchise alliances/associations at the local (at Partner State level), regional (at EAC Level), and African levels to support the franchising sector. Once established, they should engage with the World Franchise Council to learn and adopt best practices in the sector
- f) Enhance learning through participating in franchising exhibitions in Africa and globally.
- g) Enhance access to finance for the franchising sub-sector. Among others, banks should develop franchise-specific products
- h) Implement policies and programmes to enhance franchising's uptake. These may include incentives for franchising embracers, such as tax breaks and capital provision, for example, through government borrowing to on-lend to franchise businesses.

On e-commerce



- a) Enhance access to affordable internet, including last-mile connectivity.
- b) Enhance access to smartphones by addressing barriers like the cost of devices
- c) Develop easy and secure payment options to address the challenge of cyber crimes
- d) Enhance digital literacy to enhance penetration of e-commerce
- e) Develop buyer and seller protection mechanisms to enhance the uptake of e-commerce
- f) Put in place dispute resolution mechanisms
- g) Enhance last-mile logistics to make the e-commerce sector competitive.

On Transport and Logistics Sector



- a) Undertake a study to understand the cost drivers in transport services and implement the recommendations
- b) To reduce time and cost related to processes and procedures of clearance and enhance technology adoption, including automation. This also removes rent-seeking opportunities
- c) Enhance awareness of and use of existing trade portals that provide import and export procedures for main imported/exported products.
- d) Enhance collaboration among the private sector in the transport and logistics sector to ensure a common voice and agenda.
- e) Enhance and / or create a structured public private dialogue to address transport and logistics issues that arise
- f) Continue implementation of trade facilitation measures in line with the WTO- TFA, which all EAC Partner States (except RSS) are signatories to. Attention should be on key matters like enhancing transparency, pre-arrival processing, advance ruling and risk management that improve cross-border trade
- g) Establish fast lane / green channels at OSBPs to reduce clearing times at border points
- h) Develop adequate common regional infrastructure to support the distribution sector. For example, develop the Nadapal route to RSS to avoid overreliance on only one route.
- i) The region should put in place a dispute resolution mechanism that promptly addresses any disputes amongst members.
- j) Implement all EAC decisions, including domesticating all CMP obligations

On Financial Services as a complementary service to the Distribution Sector

- a) Standardise policy and regulatory requirements to establish and operate fintech service provision in the EAC.
- b) Adopt best practices from across the globe – EU presents an excellent example within a regional integration process
- c) Standardise anti-money laundering (AML) policies across the region to allow cross-border movement of capital
- d) As fintech is a new and growing sub-sector, provide platforms for regular engagement between businesses and policymakers to support the sector's growth.

On Gender Inclusivity

- a) Create gender-sensitive infrastructure, particularly at border points
- b) Put in place gender-sensitive policies related to employment, security and safety. Within this, confront cultural practices and norms that enhance gender exclusion

7. CLOSING REMARKS

In her closing remarks, Ms Flavia Busingye, the Director of Customs and Trade at the EAC Secretariat, thanked the participants and the conference organisers for hosting a successful peer-to-peer learning Conference. She also thanked the EU for their continued support of the EAC Integration process, not only under the EAC CORE programme but through another programme. She noted the various recommendations made during the conference, indicating that interventions and programmes were



already in place to address some of them, such as the ones relating to the AEO scheme and enhancing the uptake of e-commerce and e-payments. She assured the delegates that the EAC Secretariat would take the recommendations forward and present them through the relevant policy decision-making processes. Furthermore, she noted that a number of the recommendations would be implemented in the short term through the EU-EAC CORE Programme. Lastly, she thanked the Republic of Kenya for the warm hospitality and wished the participants safe travels to their various markets.

8. ACTION PLAN FOR IMPLEMENTING RECOMMENDATIONS OF THE EAC PEER-TO-PEER LEARNING CONFERENCE

The Action Plan below is a draft to be reviewed and discussed with the EAC Secretariat and relevant policy organs. Several factors have been borne in mind during the Action Plan's preparation, namely:

- To ensure consistency in the agreed-upon approach to addressing various recommendations, the Action plan has replicated the interventions/actions from the Implementation Plan of the EAC Strategy for Trade in Services, where they align with recommendations from the Peer-to-Peer Learning Conference.
- For new recommendations that arose from the Peer-to-Peer Learning Conference that are not in the EAC Strategy for Trade in Services, we propose that EAC discuss them with relevant departments at the Secretariat to agree on needed actions and the timeline for undertaking them. We have proposed needed actions for several of them, but several require a more comprehensive understanding of ongoing work, which is outside the scope of this report.

No	Recommendations	Needed Actions	Implementing Agency	Timeframe	Comments / Funding
On Distribution (Retail and Wholesale) Sector					
1.	Collect data and statistics in the distribution sector to understand its dynamics as well as guide needed interventions.	Training of private sector stakeholders on service data collection/compilation	EAC Statistics team with DTC	December 2026	Activities on a collection of statistics provided under the EAC Strategy for TiS. DTC to ensure inclusion of the distribution sector in the training
2.	Review existing competition laws in the distribution sector to ensure they align with best practices.	<ul style="list-style-type: none"> ▪ Study to review current competition laws and issues arising ▪ Validation of the study ▪ Adoption of Study through EAC Policy organs ▪ Development of a regional-wide framework to address competition matters 	EACCA, with DTC	2025-2026	EAC / EACCA to mobilise resources. EACCA indicated during the conference that it intended to carry out this work. Also to note that the EU has an upcoming programme that will support competition

No	Recommendations	Needed Actions	Implementing Agency	Timeframe	Comments / Funding
		<ul style="list-style-type: none"> Sensitisation and capacity building of SMEs on competition law and policy and the need for compliance. 			matters – EAC to explore synergies
3.	Capacity builds SMEs to enhance their linkages with major retail outlets.	<ul style="list-style-type: none"> Undertake needs assessments of SMEs vis a vis linkage with retail outlets Design programmes to implement identified needs Roll out the developed programmes 	EAC DTC, Industrialisation Department	2025 - 2027	EAC to mobilise resources. The recommendation is included in the EAC Strategy for TiS.
4.	Continue harmonising standards across the region to address barriers resulting from disparate mandatory standards. In addition, support Partner States in rolling out and enforcing the EAC standards.	<ul style="list-style-type: none"> Undertake a Study to review and identify the frequently traded products in the EAC whose standards are not yet harmonised. Undertake harmonisation of the standards through the established EAC policy mechanisms 	DTC, through the EAC Standards Committee	Ongoing	Part of ongoing work updates will be given in the upcoming peer-to-peer conference.
5.	Undertake simplification of the regulatory requirements in the distribution sector to remove the compliance burden and regulatory overreach. This should include streamlining, simplifying, consolidating, and eventually automating the various licensing requirements.	<ul style="list-style-type: none"> Collate the regulatory requirements for the distribution sector in each EAC Partner State Validate the requirements at the national level Develop a programme for simplification and automation 	DTC with each Partner State	Resource Dependent	<p>The regulatory audits undertaken under AfCFTA visually map the regulatory requirements. They will need updating and validating.</p> <p>The EAC Strategy also called for a review of the administrative requirements for operating in the distribution sector.</p> <p>Also, the challenge does not affect all EAC Partner States, though this could be a function of each</p>

No	Recommendations	Needed Actions	Implementing Agency	Timeframe	Comments / Funding
					country's sector's level of development.
6.	Publishing all key laws and requirements to establish and operate distribution outlets across all sectors would enhance the transparency of regulatory requirements.	<ul style="list-style-type: none"> ▪ Publication of EAC regulations ▪ Introduce modules under the trade portal to address service-related business processes ▪ Publish the related processes for the distribution sector 	DTC (as part of implementing TF) and EU - EAC CORE	Resource Dependent	<ul style="list-style-type: none"> - A living database is being developed that will explore the incorporation of law notifications and links to the laws effected within the - EAC Partner States. EAC should explore the option of including service modules under the trade portals. <p>ITC & UNCTAD may be potential partners</p>
7.	Enhance the predictability of the regulatory environment by, among other things, involving the private sector in any proposed law reviews, undertaking regulatory impact assessments, and ensuring different government agencies/laws communicate with each other.	<ul style="list-style-type: none"> ▪ Establish services-oriented dialogue mechanisms at both regional and national levels ▪ For the distribution sector, establish national sector-specific BMOs where lacking 	EABC / EAC DTC	Continuous	Supported through various programmes like EU CORE, EU LIFTED, GIZ Programmes etc
8.	Enhance the uptake of the AEO scheme among cross-border traders	<ul style="list-style-type: none"> ▪ Sensitisation of businesses on the AEO Scheme ▪ Put in place regional-level measures to support mutual recognition of AEOs across the region 	DTC	Ongoing 2025-2028	Ongoing work

No	Recommendations	Needed Actions	Implementing Agency	Timeframe	Comments / Funding
		<ul style="list-style-type: none"> Put in place a framework to bring all agencies, besides customs, onboard the AEO scheme 			
9.	Enhance industry self-regulation at the private sector level by, among other things, developing codes of conduct for practitioners.	Develop codes of conduct for the distribution sector	RETRAK, URWA and others	Ongoing	Industry-driven, a PPD will be organised to explore self-regulation in the various service sectors through the EU-EAC CORE programme.
10.	Enhance professionalism in the distribution sector by developing minimum qualification requirements and training sector players on them.	<ul style="list-style-type: none"> Design of draft curriculum for retail service providers Consultative processes to adopt and accredit the curriculum 	RETRAK, URWA and others	2025-2027	Process led by BMOs. Recommendation already in EAC Strategy for TIS
11.	To enhance sustainability and reduce waste, the EAC should develop a campaign to educate the public on issues related to product best-by dates, use-by dates, sell-by dates, and expiry dates.	<ul style="list-style-type: none"> Develop Informative Materials like brochures, posters, information videos and infographics that clearly explain the differences between best-by, use-by, sell-by, and expiry dates. Launch a Public Awareness Campaign to disseminate the materials. May include workshops, online fora, etc Partner with Retailers and Food Producers to disseminate information materials Agree on packaging requirements for products that align with the campaigns. 	<p>The private sector is driven, but there is a need for regulatory guidance regarding packaging information.</p> <p>RETRAK, URWA and others</p> <p>Dept responsible for the environme</p>	TBD	This will need further discussions as it has implications for cross-border trade in goods.

No	Recommendations	Needed Actions	Implementing Agency	Timeframe	Comments / Funding
			nt? – the issue has implications for sustainability.		
On Franchising Sector					
12.	<p>Develop a pool of franchising experts who can support businesses interested in engaging in franchising.</p> <p>This could be done by developing a certified franchise executive course in academia or through other avenues, like an institute for franchise practitioners.</p>	<ul style="list-style-type: none"> ▪ Explore the merits of enacting an Institute of Certified Franchise Executives Act at the EAC level as a means of elevating franchising into a regulated profession ▪ Undertake trainings on Franchising through the World Franchising Council ▪ Participate in franchising exhibitions/conferences in Africa and globally. ▪ 	Private sector driven? RETRAK, URWA and others		Bullet one is an action already included in the EAC Strategy for TiS.
13.	Undertake sensitisation and awareness creation of the concept of franchising.	<ul style="list-style-type: none"> ▪ Design a programme for Capacity Building on franchising ▪ Roll out that programme 	EAC DTC + EABC	December, 2026	Proposed to be included in the development of Model Law on Franchising under CORE in the EAC Strategy for TiS
14.	Create franchisable brands. This should also include identifying franchisable companies, concepts, products.	<ul style="list-style-type: none"> ▪ Identification of brands to be undertaken as part of the baseline survey on the state and potential of franchising in East Africa proposed in the Strategy for TiS. ▪ Development of brands to be undertaken as part of support to the sub-sector, proposed in the Strategy and this action plan 	<p>Key regulators from the main franchise sectors</p> <p>Investment authorities, export promotion bodies, selected</p>	July 2024 – June 2026	- In the Strategy, the Activity is proposed to be undertaken as part of the development of the model law, expected to be funded under CORE

No	Recommendations	Needed Actions	Implementing Agency	Timeframe	Comments / Funding
			franchisable companies, Franchise BMOs		
15.	Develop a law/model Act to provide minimum statutory regulation for the franchising industry. This will ensure the sector's future growth does not happen in a vacuum.	<ul style="list-style-type: none"> ▪ Draft Regional model code on franchising is developed ▪ Report of National and EAC consultative meetings ▪ Council / SCTIFI / Sectoral Council decisions/directives on the Model Code and its adoption 	EAC DTC	December, 2026	Activity proposed to be funded under CORE in the EAC Strategy for TiS
16.	Establish franchise alliances/associations at the local (at Partner State level), Regional (EAC Level), and African levels to support the franchising sector. Once established, they should engage with the World Franchise Council to learn and adopt best practices in the sector.	<ul style="list-style-type: none"> ▪ Undertake national-level consultative meetings on the formation of franchise associations in each Partner State ▪ Participation in regional and international franchising events 	EAC Distribution sector stakeholders EABC EAC Secretariat	July 2024 – June 2026	Process to be private sector led. Included in the EAC Strategy for TiS
17.	Enhance access to finance for the franchising sub-sector. Among others, banks should develop franchise-specific products.	<ul style="list-style-type: none"> ▪ Undertake EAC Franchising Needs Assessment ▪ Undertake development of Regional / national Capacity building programme for SMEs and franchise Associations ▪ Roll out these programmes ▪ 	EAC DTC EAC Distribution Sector	July 2024 – June 2028	Activity is included in the EAC Strategy for TiS, and EAC is still sourcing funds.
18.	Put in place policies and programmes to enhance the uptake of franchising. These	<ul style="list-style-type: none"> ▪ Undertake EAC Franchising Needs Assessment 	EAC DTC	July 2024 – June 2028	Activity is included in the EAC Strategy for TiS,

No	Recommendations	Needed Actions	Implementing Agency	Timeframe	Comments / Funding
	may include incentives for those embracing franchising, e.g. tax breaks and provision of capital, for example, through government borrowing to on-lend to franchise businesses.	<ul style="list-style-type: none"> Undertake development of Regional / national Capacity building programme for SMEs and franchise Associations Roll out these programmes 	EAC Distribution Sector		though funding is unavailable.
On e-commerce					
19.	Enhance access to affordable internet, including last-mile connectivity	<p>All recommendations identified as part of the 'Assessment of the Cross-Border E-Commerce Ecosystem in the EAC.'</p> <p>Thus, the recommendations of the 2021 Report should be implemented to support the growth of online distribution services.</p>			
20.	Enhance access to smartphones through addressing barriers like the cost of devices.				
21.	Develop easy and secure payment options to address the challenge of cyber crimes.				
22.	Enhance digital literacy to enhance the penetration of e-commerce.				

No	Recommendations	Needed Actions	Implementing Agency	Timeframe	Comments / Funding
23.	Develop buyer and seller protection mechanisms to enhance uptake of e-commerce.				
24.	Put in place dispute resolution mechanisms.				
25.	Enhance last-mile logistics to make the e-commerce sector competitive.				
On Transport and Logistics Sector					
26.	To reduce time and cost related to clearance processes and procedures and enhance technology adoption, including automation. This also removes rent-seeking opportunities.	<ul style="list-style-type: none">Study above to identify the most cumbersome processes and procedures for clearance as well as opportunities for automation	EAC DTC EAC Directorate of Transport & Infrastructure	2025-2027	Maybe part of ongoing work as part of the implementation of the WTO Trade Facilitation Agreement
27.	Undertake a study to understand the cost drivers in transport services and implement the recommendations	<ul style="list-style-type: none">Study to review costs in the transport sector and its driversValidation of the studyAdoption of Study Recommendations through EAC Policy organsImplementation of the recommendations	EAC DTC EAC Directorate of Transport & Infrastructure	2025-2027	Timeline subject to resources. The study may also be private sector driven... TMA may also support such studies
28.	Enhance awareness of and use of existing trade portals that provide import and export procedures for main imported / exported products.	<ul style="list-style-type: none">Undertake trainings on the WTO Trade Facilitation Agreement	DTC, as part of trade facilitation work NTFCs at national level Private sector like EABC, FEAFFA and others	Ongoing	Portals are part of meeting the transparency obligations under the WTO TFA... ITC & TMA may already have support for some sectors.

No	Recommendations	Needed Actions	Implementing Agency	Timeframe	Comments / Funding
29.	Enhance collaboration among the private sector in the transport and logistics sector to ensure that there is a common voice and a common agenda.	<ul style="list-style-type: none"> - Private sector, through EABC or and FEAFFA, to explore the establishment of a Logistics / Transport Forum / Working Group / Platform at the regional level - Platform to identify transport/logistics issues with regional bearing - Platform to harmonise positions on issues <ul style="list-style-type: none"> ▪ Common advocacy by platform 	EABC / FEAFFA Transport/logistics sector players	2025 - 2028	Private sector led
30.	Enhance and / or create a structured public private dialogue to address transport and logistics issues that arise.	<i>See recommendation above</i>	EABC / FEAFFA Transport/logistics sector players	2025 - 2028	Private sector led
31.	Continue implementation of trade facilitation measures in line with the WTO-TFA that all EAC Partner States (except RSS) are signatories to. Attention should be on key matters like enhancing transparency, pre-arrival processing, advance ruling and risk management that enhance cross border trade	<i>See recommendation above</i>	EABC / FEAFFA Transport / logistics sector players	2025 - 2028	Private sector led
32.	Establish fast lane / green channels at OSBPs to reduce clearing times at border points	DTC & Transport Department to guide			TMA may also be addressing such matters
33.	Develop adequate common regional infrastructure to support the distribution sector. For example, develop the Nadapal route to RSS, to avoid overreliance on only one route.	EAC Transport & infrastructure Directorate to guide			

Financial Services

No	Recommendations	Needed Actions	Implementing Agency	Timeframe	Comments / Funding Agency
34.	Adopt best practices from across the globe – EU presents a good example within a regional integration process	EAC to guide on whether this is part of the work being undertaken by the Directorates responsible for Finance / Monetary Affairs			
35.	Standardise policy and regulatory requirements to establish and operation fintech service provision in the EAC.	EAC to guide on whether this is part of the work being undertaken by the Directorates responsible for Finance / Monetary Affairs			
36.	Standardise anti-money laundering (AML) policies across the region to allow cross-border movement of capital	As above			
37.	As fintech is a new and growing sub-sector, it provides platforms for regular engagement between businesses and policymakers to support the growth of the sector.	As above / link to above.			
On Gender Inclusivity					
38.	Put in place gender-sensitive policies, related to employment, security and safety. Within this confront cultural practices and norms that enhance gender exclusion	EAC to guide on whether this is part of the work being undertaken by the Directorates responsible for gender			EAC Is implementing a gender focused project through LIFTED. 39 & 41 may be of interest...
39.	Create gender sensitive infrastructure particularly at border points	EAC to guide on whether this is part of the work being undertaken by the Directorates responsible for gender			EAC Is implementing a gender focused project through LIFTED. 39 & 41 may be of interest...

