
Africa Business Forum 2025

From potential to prosperity: activating Africa's regional value chains

Round table 2: Achieving sustainability and standards compliance –
unlocking African value chains for global markets

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Issues note

I. Introduction

1. Compliance with standards is essential for enhancing the global competitiveness of African value chains. Standards provide a common reference point that ensures products from companies across different countries meet the required quality, safety and technical benchmarks. They also increasingly play an important role in advancing sustainability and promoting ethical practices. However, meeting standards can pose significant challenges for private sector enterprises, especially in such sectors as leather, minerals, pharmaceuticals and agriculture.

2. In the present round table, participants will explore the barriers faced by the private sector in complying with international standards, the role of African harmonized standards in boosting competitiveness, and how technology can be leveraged to improve efficiency in meeting standards and sustainability requirements in order to catalyse the development of regional value chains in Africa.

II. Case of international standards

3. Despite the existence of the Agreement on the Technical Barriers to Trade of the World Trade Organization, which is aimed at establishing a level playing field by ensuring that standards and technical regulations are non-discriminatory and that they do not create unnecessary obstacles to trade, various factors still impede the access of African countries to global markets.

4. Insufficient technical and financial resources often limit the ability of African countries to play an effective role in the design and implementation of international standards, which reduces their ability to influence the shaping of rules that could better foster the development of globally competitive African value chains. In addition, most of the continent's major trading partners have adopted relatively stringent standards, raising entry barriers for exporters. For instance, the European Union has some of the world's most rigorous food safety regulations, affecting not only its members but also the global food industry.¹ Complying with some of the regulations and standards might require upgrading production facilities, adopting new technologies and meeting rigorous testing and certification requirements, which often involve

¹ Biosafe, "Food safety regulations in the European Union", 13 September 2023. Available at www.biosafe.fi/insight/food-safety-regulations.



significant investments.² The cost can be prohibitively expensive, especially for small and medium-sized enterprises, which often face difficulties in gaining access to finance. This is evident in the case of South Africa, where additional phytosanitary measures on citrus introduced by the European Union in 2022 cost the industry about 200 million rand (approximately \$10.7 million) to execute.³

5. Failure to comply with international standards and regulations can significantly limit the integration of African value chains into global markets. For instance, it was noted in a recent report that most coffee producers in African countries were ill-equipped to meet the requirements of the European Union deforestation regulation.⁴ This could lead importers in the European Union to shift their source of coffee to such countries as Brazil, where traceability systems are more advanced.⁵ Under European Union rules that are designed to protect the integrity of the single market,⁶ non-compliant foreign suppliers face delisting across the entire European Union market, and re-entry is extremely challenging.

6. Furthermore, non-compliance could also hinder a firm's ability to secure financing from global institutions, which increasingly adopt lending criteria aligned with environmental, social and governance issues. Addressing barriers in the design and implementation of international standards and regulations will therefore be critical to ensure that African value chains remain competitive and integrated into global markets.

III. Leveraging the power of harmonized standards in Africa

7. The development of globally competitive African value chains is hinged on effectively addressing issues arising from non-tariff measures. Significantly high and disparate non-tariff measures, such as differing sanitary, phytosanitary and technical standards, escalate non-tariff costs of intra-African trade by an estimated 18 per cent.⁷ This is owing to increased compliance costs and operational complexity for producers and exporters, which may need to adapt their production processes to meet the specific standards of each target market. The requirement for numerous certifications and considerable testing and documentation further raises costs.⁸

8. To address the challenges, States parties to the Agreement Establishing the African Continental Free Trade Area are mandated, under annex VI, on technical barriers to trade, to develop and promote the adoption or adaptation of international standards, to encourage the use of standards set by the African Organization for Standardization and the African Electrotechnical Standardization Commission, and to request these organizations to develop

² World Trade Organization, *World Trade Report: Trade, Standards and the WTO* (Geneva, 2005).

³ Glenneis Kriel, "Protectionism and shipping disruptions threaten agri trade", 25 March 2024. Available at www.farmersweekly.co.za/agri-news/south-africa/protectionism-and-shipping-disruptions-threaten-agri-trade/.

⁴ Regulation (EU) No. 2023/1115 of the European Parliament and of the Council of 31 May 2023 on the making available on the Union market and the export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No. 995/2010.

⁵ Sjoerd Panhuysen and Frederik de Vries, *Coffee Barometer 2023* (2023).

⁶ Regulation (EU) No. 2019/1020 of the European Parliament and of the Council of 20 June 2019 on market surveillance and compliance of products and amending Directive 2004/42/EC and Regulations (EC) No. 765/2008 and (EU) No. 305/2011.

⁷ Economic Commission for Africa (ECA) and African Trade Policy Centre, *AfCFTA: What You Need to Know – Common Questions and Answers* (Addis Ababa, 2024).

⁸ African Organization for Standardization, African Union, ECA and Secretariat of the African Continental Free Trade Area, *Identifying Priority Sectors and Value Chains for Standards Harmonization* (Addis Ababa, ECA, 2020).

new standards if needed. In 2021, the Economic Commission for Africa (ECA) carried out an assessment to identify priority value chain standards for harmonization, which the African Organization for Standardization uses as a guide. In addition, in accordance with operative paragraph 36 of the Johannesburg Declaration on the Environment for Sustainable Development, adopted at the twelfth session of the African Ministerial Conference on the Environment (see UNEP/AMCEN/12/9, annex I), the African Organization for Standardization, with support from ECA and other partners, has been developing sustainability standards under the Eco Mark Africa scheme for various sectors, including the leather industry.

9. Across the continent, there are numerous instances in which inadequate testing facilities, certification systems and compliance mechanisms have hindered producers and exporters from complying with required standards and technical regulations. In an assessment carried out in 2023 by Pan-African Quality Infrastructure, it was reported that 22 out of 54 African countries had either limited or no high-quality infrastructure, while 13 African countries had only partially developed systems.⁹ Therefore, investment in high-quality infrastructure must go beyond meeting standards. Such critical components as metrology, conformity assessments, accreditation, certification, market surveillance, testing and inspection, human resources and research and development must also be taken into account.

IV. Technological upgrades for sustainability and standards

10. Technological innovations are increasingly being leveraged to improve technical regulations and standards compliance across various value chains. Such technologies as blockchain are being employed to improve traceability, which enables producers to provide verifiable records of a product's journey throughout the supply chain. For example, in 2021, an automobile manufacturer partnered with a supply chain traceability provider and a university to pilot the world's first use of traceability technology in the leather supply chain. The initiative was aimed at ensuring complete transparency throughout the supply chain and assessing the carbon footprint of the leather sourcing network.¹⁰ Similarly, industries are adopting artificial intelligence and machine learning to streamline quality control by using advanced inspection systems to detect defects and ensure that products meet technical regulations and standards before they reach the market. In the pharmaceutical industry, systems powered by artificial intelligence are enhancing defect detection in drug formulation and production processes.¹¹ Moreover, in agriculture, such technologies as remote sensing and the Internet of things are used to determine the need for and timing of pesticide and fertilizer applications and the monitoring of environmental factors, such as soil moisture, temperatures and weather patterns, ensuring compliance with sustainability and safety standards.¹² With support from ECA, a small-stock farm in Botswana is leveraging a water intake monitoring system based on the Internet of things for small stock to drive efficiencies, competitiveness and climate change adaptation and to ensure sustainable agricultural development. The initiative is aimed at serving as a benchmark for States members of the Southern African Development Community and the continent overall, showcasing best practices in technology and innovation.¹³

⁹ Pan-African Quality Infrastructure, "TBT/QI stocktaking document", August 2023.

¹⁰ Land Rover, "Jaguar Land Rover trials world-first digital supply chain for leather using blockchain technology", 12 October 2021.

¹¹ Kampanart Huanbutta and others, "Artificial intelligence-driven pharmaceutical industry: a paradigm shift in drug discovery, formulation development, manufacturing, quality control, and post-market surveillance", *European Journal of Pharmaceutical Sciences*, vol. 203 (October 2024).

¹² Prem Rajak and others, "Internet of things and smart sensors in agriculture: scopes and challenges", *Journal of Agriculture and Food Research*, vol. 14 (December 2023).

¹³ ECA, "Lobu small stock farm (LSF), Botswana".

11. The integration of the technologies into African value chains, especially in such sectors as agriculture and pharmaceuticals, will be pivotal in boosting compliance with regulations and enhancing competitiveness. Investments in technological infrastructure and capacity-building will be vital to empowering producers and exporters to adopt the innovations effectively. Since the use of the technologies raises concerns related to data governance and intellectual property, the localization and implementation of existing regional frameworks, including the protocols to the Agreement Establishing the African Continental Free Trade Area on digital trade and on intellectual property rights, will be essential. There will also be a need for concerted efforts to ensure that women are able to take advantage of the technologies, in the light of the digital gender divide.¹⁴

V. Guiding questions

12. The following questions will guide discussions during the round table:

(a) Are member countries and African institutions that are involved in the development of standards taking proactive measures to ensure that global standards do not adversely impact the private sector in Africa? How can African sustainability standards be utilized to meet such emerging sustainability regulations as the deforestation regulation of the European Union? What support does the private sector need to navigate increasingly stringent international standards that may constitute new technical barriers to African trade and how may efforts of the private sector be supported in overcoming the challenge through cross-border regional value chains?

(b) In what ways are African businesses using technological innovations, such as blockchain, artificial intelligence and the Internet of things, to enhance compliance with global and continental standards and sustainability requirements? In the context of the development of regional value chains, what additional support or investments are needed to help the private sector scale up and fully integrate the technologies? What initiatives can be put in place to ensure that women are also able to benefit from the use of the technologies?

(c) Are there any challenges that the private sector is facing in the adoption of harmonized African standards? How can connecting to existing or new regional value chains support the private sector in contributing to the process of development and harmonization of African standards? What are the main challenges related to improving infrastructure on the continent that need to be addressed in order to improve compliance and how can regional approaches or initiatives support the private sector?

¹⁴ Africa Trade Policy Centre, ECA and secretariat of the African Continental Free Trade Area, *Digital Infrastructure in Africa* (Addis Ababa, ECA, 2023).