



**REGULATORY IMPACT ASSESSMENT REPORT ON THE  
INTRODUCTION OF CONSIGNMENT BASED CONFORMITY  
ASSESSMENT (CBCA)**

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## 1. Background and Introduction

The Zambia Compulsory Standards Agency (ZCSA) is statutory body under the Ministry of Commerce, Trade and Industry (MCTI) which commenced operations on 1st January 2018. The Agency was established by the Compulsory Standards Act No. 3 of 2017. The mandate of the Agency is to enforce compulsory standards and provide for their administration and maintenance for the purpose of public safety, health, consumer and environmental protection.

The Agency was formed by transforming the Inspections department of the Zambia Bureau of Standards (ZABS) into the ZCSA. This was necessitated by the need to separate the implementation of Compulsory Standards from voluntary activities such as product certification, testing and training. The establishment of the Agency is in line with government's aspirations as espoused in the National Quality Policy of 2010, which sought to align the National Quality Infrastructure with International best practice.

With effect from 1st January 2018, all services under the inspections department of the then ZABS were transferred to ZCSA. Among the services transferred is the monitoring of the quality of imported products subject to compulsory standards. This regulation is implemented through import regulations contained in Statutory Instrument No. 41 of 2003.

The Compulsory Standards Act No. 3 of 2017 provides for the appointment of Conformity Assessment providers to inspect and test products on behalf of Agency. This provision has been used on a Pre-Shipment inspection scheme for used Motor Vehicles since 2009. The proposal to extend the programme to other goods, a few years ago, could not be implemented due to concerns from stakeholders on the impact of the programme on local businesses. The Pre-Shipment scheme or Consignment Based Conformity Assessment(CBCA) which is still being considered, was aimed at ensuring products destined for Zambia are inspected, tested and certified before shipment to Zambia. The proposal for the introduction of the CBCA program was based on the following reasons:

- Cost of 100% inspection to importers
- ZABS had limited resources namely personnel, testing facilities, and was only operational within Zambia

However, with the CBCA in place ZABS was expected to enhance its capacity by achieving synergies with the private contractors or Conformity Assessment providers and be able to control a wider range of products more effectively and efficiently. This report covers activities undertaken to determine the impact of this scheme through a Regulatory Impact Assessment (RIA), as required under the Business Regulatory Act No. 3 of 2014.

## **2. Problem Statement**

Most imported goods subject to compulsory standards are regulated under the Import Quality Monitoring (IQM) Scheme which was introduced in 2003 under statutory instrument No. 41 of 2003. Under the IQM scheme goods are inspected at the points of entry or inland where any non-compliant products are rejected.

The Zambia Compulsory Standards Agency (ZCSA) has faced a number of challenges in implementing the IQM scheme among which are:

- Limited capabilities of keeping product experts at every border point;
- Limited verification opportunity due to the need to discharge and re-load goods in containers;
- Delays of border physical inspections;
- Limited testing capabilities;
- Delayed testing and assessment;
- Difficulty in tracking sub-standard products when in the market

Some of the above the challenges above have been dealt with by the connection of the Agency to Zambia Electronic Single Window (ZESW). Under the Single Window project, ZCSA is able to monitor the declarations on the ASYCUDA System through the Central Processing Centre (CPC) and stations that are connected.

The CBCA programme is aimed at ensuring products that are destined for Zambia are inspected, tested and certified before shipment to Zambia. This is one way of dealing with the challenges highlighted above.

In view of the concerns raised by stakeholders on the potential impact of the pre-shipment scheme, the ZCSA is conducting a Regulatory Impact Assessment (RIA) on the CBCA.

### **3. Baseline**

The absence of pre-import verification procedures for imports into Zambia resulted in the presence of inferior quality and un-safe products on the local market. The Import Quality Monitoring Scheme (IQMS) was introduced in April 2003 by statutory instrument no. 41 of 2003, where selected products are controlled at major entry points into the country. However, some problems still remain outstanding regarding conformity to required standards. Some examples are outlined below:

- i. Importers/consumers do not have the technical skills to evaluate what they are importing or buying.
- ii. Inspection and testing facilities locally are not adequate to cope with volume and diversity of imported products.
- iii. The system of submitting certificates of conformity in order to verify compliance to standards prior to arrival of goods in the country has been difficult on the part of importers due to low levels of awareness on quality and conformance requirements.
- iv. The current scope of compulsory standards is limited compared to the increasing number of products on the market

### **4. Objective**

To increase compliance of imported products subject compulsory standards with Zambian Compulsory Standards in order to minimise the risk of unsafe goods.

### **5. Consideration of Options**

In order to achieve the above objective, the Agency has considered the following options: Do nothing, Implement CBCA and ZCSA Capacity building.

#### **a. Do Nothing**

The Agency could do nothing and maintain the regulation in its current state. With this option, the Agency will continue facing the challenges highlighted

above thereby exposing the Zambia citizens to the risk of consuming unsafe goods.

**b. Implement CBCA**

The Agency could implement CBCA by subcontracting some of the work to Conformity Assessment providers, to enhance its capacity. This option will help the Agency to build capacity through synergies with the private contractors and be able to control a wider range of products more effectively and efficiently.

**c. Build Capacity within the Agency**

The Agency could consider building its capacity. This requires a several-fold increase of capabilities of the Agency with a corresponding large budgetary allocation to check on reasonable proportion of imported goods. This requires heavy investment from the Government, but it will take time considering the limited Government resource envelope.

**6. Comparisons of Cost and Benefits of Options**

Tables 1-3 below show costs and benefits of the options considered.

**Table 1: Cost Benefit Analysis: Do nothing option**

No	DESCRIPTION	COSTS	BENEFITS
<b>1</b>	<b>ZCSA</b>		
1		Limited scope of regulation with	Opportunity to build local capacity
<b>2</b>	<b>IMPORTERS</b>		
1		Increased time spent at the border	Access to services at the border
<b>3</b>	<b>GENERAL PUBLIC</b>		
1		Risk of unsafe products	Opportunity to build trust in local institutions

**Table 2: Cost Benefit Analysis: Implement CBCA**

No	DESCRIPTION	COSTS	BENEFITS
<b>1</b>	<b>ZCSA</b>		
		Service fees paid to contractors	Improved compliance to the standards
			Opportunity for capacity building by learning from established Conformity Assessment providers
<b>2</b>	<b>IMPORTERS</b>		
		Inspection fees paid to contractors	Reduced time spent at the border
<b>3</b>	<b>GENERAL PUBLIC</b>		
		Increased cost of products	Safer products

**Table 3: Cost Benefit Analysis: Capacity Building**

No	DESCRIPTION	COSTS	BENEFITS
<b>1</b>	<b>ZCSA</b>		
		Investment in capacity building	Improved capacity of local institutions
<b>2</b>	<b>IMPORTERS</b>		
			Improved service delivery
<b>3</b>	<b>GENERAL PUBLIC</b>		
		Increased budgetary allocation to the Agency	Improved service delivery

## 7. Stakeholder Consultations

The Agency considered the following stakeholders for consultation;

- ❖ Ministry of Commerce, Trade and Industry
- ❖ Private Sector Representatives
- ❖ Cross Border Traders Association
- ❖ Crushers and Edible Oil Refiners Association(CEDORA)

The envisaged implementation of the CBCA program was received with mixed reactions from stakeholders. The private sector especially felt strongly against the introduction of such a program. To this effect, the then ZABS Board requested for further information regarding these reactions and insisted that the feedback from the stakeholders be given both orally and in writing, and taken into consideration before implementation.

The table 4 below shows a summary of proposals from stakeholders.

**Table 4: Stakeholder submissions**

STAKEHOLDER CATEGORY	ISSUE(S)	STAKEHOLDER SUBMISSION	RESOLUTION
ZACCI,ZAM, Private Sector Alliance	<ul style="list-style-type: none"> <li>• Cost of doing Business</li> </ul>	<ul style="list-style-type: none"> <li>○ The programme will increase the cost of doing business</li> <li>○ The programme was tried in the past and the private sector had a lot of challenges in accessing inspection services</li> <li>○ The programme has been abandoned by most countries</li> </ul>	<ul style="list-style-type: none"> <li>• Continued consultations</li> </ul>
CEDORA	<ul style="list-style-type: none"> <li>• False declarations and Smuggling</li> </ul>	<ul style="list-style-type: none"> <li>○ The programme would help reduce false and under declaration</li> <li>○ The programme will lead to increase revenue collections by ZRA.</li> </ul>	<ul style="list-style-type: none"> <li>• Implement programme for edible oils on a voluntary basis</li> </ul>
Media	<ul style="list-style-type: none"> <li>• Lack of Awareness</li> </ul>	<ul style="list-style-type: none"> <li>○ The media called for sensitization on the CBCA program to be enhanced so that it would be understood by all stakeholders and emphasise the benefits it would bring to the country</li> </ul>	<ul style="list-style-type: none"> <li>• Engage as many stakeholders as possible</li> <li>• The print and electronic media to be used for further sensitization programs</li> </ul>
Regulators	<ul style="list-style-type: none"> <li>• Harmonisation</li> </ul>	<ul style="list-style-type: none"> <li>○ Regulators agreed on harmonization of procedures to avoid duplication of work and costs in service delivery</li> <li>○ Regulators supported the implementation of CBCA and agreed that it will help greatly in their operations.</li> </ul>	<ul style="list-style-type: none"> <li>• Harmonization of procedures with other regulators would be concluded before the commencement of the CBCA program.</li> <li>• Harmonize the product list with all government regulators and</li> </ul>



			agree on procedures for the affected products.
Cross border Traders	<ul style="list-style-type: none"> <li>Awareness</li> </ul>	<ul style="list-style-type: none"> <li>Very few from this sector turned up for the workshop.</li> </ul>	<ul style="list-style-type: none"> <li>Sensitization for them would preferably be done in vernacular on TV and Radio</li> <li>Encourage them to make submissions on improvements and adjustments to be made to the programme</li> </ul>
Agriculture Sector	<ul style="list-style-type: none"> <li>Late consultations</li> </ul>	<ul style="list-style-type: none"> <li>Late consultations were considered a mockery and waste of time</li> </ul>	<ul style="list-style-type: none"> <li>The Agricultural sector was assured that the consultations were not a formality and that the views expressed by all stakeholders would be considered</li> </ul>

## 8. Selection of preferred option

The government has proposed to implement the CBCA programme for an interim period of three(03) years, in the interest of safety. The implementation of the programme will facilitate capacity building of local institutions in enforcement of standards. The impact of programme will be improved safety of imported products and improved consumer and environmental protection.