POLICY BRIEF 014

THE URGENT NEED FOR NATIONAL QUALITY CONTROL POLICY REFORMS IN UGANDA

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Background

It is a policy and practice by the ministry of Trade and Industry that every manufacturer or producer must obtain a Q-mark (Quality Mark) as a quality control tool to prevent fake products on the market.The rationale is to safeguard the health and value for money for consumers. The Uganda National Bureau of Standards (UNBS) is mandated by the UNBS Act 2013 to enforce and monitor this. However, in the past two decades, there has been a rise in counterfeit products on the market despite UNBS's attempt to reduce these.

From a survey conducted by Gateway Research Centre in 2023, we found out that there are several domestic infant producers, especially herbal medicine dealers, cosmetics, food, and beverage processors whose legal names are different from the names known in their localities. The survey randomly sampled 50 local manufacturers from whom only about 24 per cent had their own Q-marks. 37 per cent did not have Q-marks but were paying loyalty or franchise fees to other local companies to allow them to use their names and Q-marks. 39 per cent of the surveyed manufacturers had not bothered to look for Q-marks but their goods are on the market.

Further inquiries and probing revealed that infant industries operating in their local settings try for quite long beyond one year to apply for Q-marks from UNBS but are unable to succeed due to bureaucratic tendencies. Even after application, it takes a lot of time to receive positive feedback from UNBS. Eventually, they resort to illegal production of substandard goods that are below UNBS' quality assurance standards, majority of these operate behind scenes, only to see their goods on the market. It is noteworthy to highlight the rising levels of local producers who are not bothered by Q-Mark and UNBS certification due to fear of the bureaucratic tendencies.

Ugandan commodities are still facing stiff competition locally and at the regional level due to the production of substandard commodities that do not comply with the Uganda National Bureau of Standards (UNBS) agreed standards. UNBS confiscates substandard goods and does not take adequate measures to support the local producers to ensure improvement in quality to the ideal standards. This weakens the potential of entrepreneurial growth, undermines self-employment, and Uganda's ability to alleviate the current rampant unemployment that cannot be solely curbed by the government.

Bureaucracy in the UNBS Quality Enforcement Policies and Practices

UNBS requires industrialists/manufacturers to follow the mandatory procedures before selling their products on the market. These include, product certification Quality Mark (Q-Mark), ensuring proper packaging and labelling of finished products i.e. brand name, date of manufacture, address of the manufacturer, storage instructions, instruction for use, size, and weight of the product. The Q-mark acquisition bureaucratic tendencies have not only resulted in failure of many businesses to operate on large scale or increase their production for distribution in various parts of the country, but also hindered some businesses from starting. Such businesses operating from hidden premises end up not paying taxes on profits, a notion that denies government of its would-be revenue. Among UNBS' requirements, it has become very challenging for local infant industries to obtain the Q-Mark as a statutory requirement for them to sell their products on the market. The process is very complicated and many manufacturers are not aware of the steps involved in obtaining the Q-Mark. UNBS certifies each particular product upon fulfilling all the requirements/ processes for acquiring a Q-Mark.

This explains why most of the manufacturers have failed to obtain a product certification as a result of stiff bureaucratic tendencies and have been seen operating behind the curtains.

Section (1) (f) of the UNBS Act mandates UNBS to enforce standards in the protection of the public against harmful, dangerous, and substandard products while clause 20 of the same Act prohibits the manufacture, selling, distribution, or holding for the purpose of selling any product that does not meet compulsory Uganda standards. The 2017/2018, UNBS performance report highlighted that 54 per cent of the products on the market are substandard proving how Ugandans are at risk of adverse effects arising from the production of such substandard products. Regarding the acquisition of Q-Mark, a number of manufacturers lament that the overall cost of acquiring the UNBS mark exceeds the official fees charged. From inquiries made by Gateway Research Centre, many producers informally pay some UNBS officials to carry out pre-inspection audits so that when the main inspection comes, they are ready.

The High Cost of fulfilling UNBS Quality requirements by Manufacturers

The cost can thus go up to Shs 2 million and above depending on the size of the production plant. Micro and small enterprises have to pay a certification fee of Shs 500,000 while medium and large enterprises pay Shs 1 million to be issued with a permit to use the quality mark valid for a period of one year (12 months). Manufacturers say this cost has to be reduced due to the many product ranges they deal in, with each product having to be certified independently which becomes too costly for them. The one-year period for the Q-mark renewal is also too small as most of these manufacturers are still in the infant stages which allow them to only meet operational costs. There is a need to increase the period to at least three years to allow them to build a firm foundation.

Besides meeting the certification fee, manufacturers have to pay testing fees and Shs 500,000 for batch certification (certificate of conformity). For products that have not yet completed the certification process, manufacturers are mandated to pay Shs 250,000 for pre-market approval to get the authorization letter while medium and large enterprises pay Shs 500,000 for the same valid for 6 months. All these costs hinder manufacturers from accessing the required quality mark from UNBS and at times the cost may end up outweighing the capital invested in their business. Failure to obtain the quality mark has forced manufacturers to produce underground and thus offering substandard products on the market. In 2020, UNBS destroyed 232 metric tonnes of substandard goods worth 2.5 billion which would have been converted into national revenue.

KEY POLICY RECOMMENDATIONS

- **UNBS should consider lowering the Q-mark application fees to a maximum of 10 Uganda currency points (Shs 200,000) especially for Micro, Small, and Medium Enterprise (MSMEs).**

- **UNBS should not close non-compliant manufacturers or businesses. They should be guided on how to improve to the desired standards. This should be done to increase local infant industry startups, employment, and reduction of businesses that operate from hidden premises. Further, it will prevent local infant manufacturers from being exploited or charged exorbitant royalty fees by already established large businesses that have Q-marks.**

- **There is a need for UNBS to increase the grace period for the Q-Mark before it is renewed to at least three years (36 months) to allow manufacturers to build a firm foundation.**

KEY POLICY RECOMMENDATIONS

UNBS should minimize the bureaucratic tendencies that limit local manufacturers from applying for the Q-mark and moreover when applied for, there are delays in issuing it out to the applicant. The maximum period for obtaining a Q-mark should not exceed 120 days from the date of initial application.

UNBS should increase the number of staff to easily handle the Q-Mark acquisition process, including opening regional offices, at least 2 offices per region in Uganda. Besides, there is a need to embrace technology to allow manufacturers to submit applications for quality marks and other similar tasks without moving to UNBS offices.

UNBS should reduce the fees by 50%, especially for manufacturers with more than one product line. Certifying a particular product looks quite expensive in addition to other related fees charged in the process.

CONCLUSION

Without revising the product certification procedures and costs, majority of the local manufacturers will remain without Q-Marks yet continue to produce uncertified products. This is likely to limit Uganda's poverty eradication potential, worsen unemployment, discourage growth of local infant industries, undermine business startups, and harm people's health. The continued confiscation of manufacturers' products will result in collapse of many businesses, fear to open up new domestic infant industries and an overall harsh economic environment for both manufacturers and traders. These need to be addressed with immediate effect.

REFERENCES

1 **Gateway Research Centre (2023) Survey on the Local Manufacturers and Traders' View on UNBS Quality Control Practices and Policies**

2 **UNBS (2018) 2017/18 Annual Performance Report: Available on https://www.unbs.go.ug/ed_msg.php?src=1&msg**

3 **UNBS Act Amended 2013**