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UNIDO SPS-RELATED CAPACITY EVALUATION TOOLS – A BRIEF OVERVIEW

STDF Workshop on SPS Capacity Evaluation Tools
31 March 2008

The following communication, received on 10 March, is being circulated at the request of UNIDO in preparation of the 31 March workshop on capacity evaluation tools organized by the Standards and Trade Development Facility (STDF).

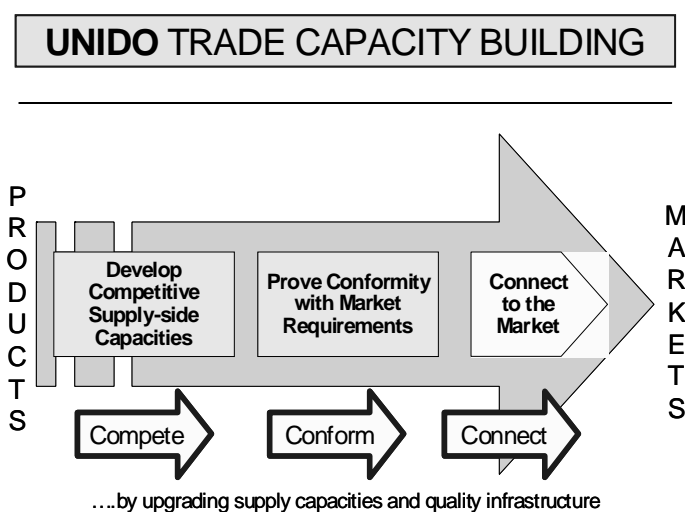
UNIDO SPS-RELATED CAPACITY EVALUATION TOOLS – A BRIEF OVERVIEW

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I. INTRODUCTION

1. The United Nations Industrial Development Organization (UNIDO) uses a multifaceted approach to make SPS and TBT compliance measures effective in developing countries. SPS-related technical assistance activities involve support for enterprises in the agro-business value chains, assistance to governments and trade, business and industrial associations, as well as actions for strengthening standards and conformity assessment infrastructure. With respect to the standards and conformity assessment infrastructure, which UNIDO has contributed setting up and upgrading in numerous developing countries in the last 40 years, the Organization has established strategic partnerships with international standards, measurement and accreditation organizations, including the International Organization for Standardization (ISO), the International Laboratory Accreditation Cooperation (ILAC), the International Accreditation Forum (IAF), the International Bureau of Weights and Measures (BIPM) and the International Organization of Legal Metrology (OIML). In addition, UNIDO is a founding member of the Joint Committee on Coordination of Assistance to Developing Countries in Metrology, Accreditation and Standardization (JCDCMAS).

2. As one of the top providers of Trade-Related Technical Assistance (TRTA), with emphasis on TBT and SPS matters, UNIDO implemented national and regional projects amounting to about US\$181 million over the 2001-2007 period. To respond to the Doha Development Agenda, UNIDO has been refining its needs assessment and project development, implementation and monitoring tools to respond more effectively to a growing demand for technical assistance by developing countries and countries with economies in transition. These tools are based on accumulated expertise and knowledge of challenges and opportunities of developing countries in the process of integration in the multilateral trading system with regards to their supply-capacity, their ability to comply with growing market demands in terms of standards and conformity assessment, as well as their capacity to access national, regional and international markets through the UNIDO 3Cs approach (compete, conform, connect).



II. DEMAND AND CHANNELS OF COMMUNICATION

3. With regards to the demand for advisory services and technical assistance, UNIDO projects are conceived and developed through communications received via different channels through a participative and inclusive approach. Among them, typical schemes are:

- (i) Government requests for TBT/SPS-related TRTA to cover legal framework, institutional and human capacity and physical infrastructures (adaptation of regulations to TBT and SPS agreements, national testing laboratories, mobile calibration units, etc.);
- (ii) Requests by business associations such as national/sectoral industrial associations, chambers of commerce and industry, trade groups, clusters or local institutions such as standards bodies, certifiers, inspection bodies, laboratories;
- (iii) Identification of new standards or conformity assessment procedures which might have a significant impact on developing countries' export or import;
- (iv) Request for action to overcome problems when products are banned to export due non conformity; or
- (v) Assistance required in the process of bilateral, regional or multilateral trade negotiations.

4. Usually, donors are associated with the project development process from the initial development phase and often UNIDO allocates seed money either to carry out the initial needs assessment or to contribute to trouble-shooting actions tackling urgent problems and requests. The UNIDO methodology for needs assessment involves both desk research and field work and it is supported by the UNIDO field representation system covering over 70 countries through UNIDO national/regional offices/desks and technical networks which include: National Cleaner Production Centres, Technology Centres, Investment and Partnership Promotion Offices and Units as well as Sub-Contracting Exchanges.

5. A brief presentation of the key needs assessment tools developed and applied by UNIDO is provided below.

III. UNIDO CAPACITY EVALUATION AND NEEDS ASSESMENT TOOLS

A. CONTEXT-SPECIFIC NEEDS ASSESSMENT

6. Based on the request for the formulation of a project, UNIDO undertakes context-specific **desk research as well as a preparatory/needs assessment missions** to clearly identify the challenges at the level of (a) government policy and regulatory framework; (b) institutional capacity specifically in the quality-related institutions dealing with Standards, Metrology, Testing and Quality (SMTQ); (c) sector(s)/value chains; and (d) enterprises.

7. The desk research involves the review of available diagnostic studies such as the Diagnostic Trade Integration Study (DTIS), the national strategies such as the Poverty Reduction Strategy Papers (PRSPs) or the Export Development Strategies, as well as any specific needs evaluations and technical assessment done previously by UNIDO or other institutions.

8. The preparatory assistance often involves capacity evaluation of the Standards Methodology Testing Quality (SMTQ) institutions in the country, collection of baseline data on the quality of targeted products, as well as the quality and quantity of services provided by the relevant testing

laboratories and other service providers, value-chain analysis of the sectors identified as strategic or requiring support, as well as the relevant legal framework.

9. To respond to growing demand for greater coherence and to the *Paris Declaration on Aid Effectiveness*, UNIDO is increasingly cooperating with and associating other bilateral and multilateral organizations in the needs assessment and project development and implementation process such as the WTO, ITC, UNCTAD, STDF, etc.

B. TRADE-RELATED CHALLENGES SURVEYS AT THE ENTERPRISE LEVEL

10. UNIDO has developed a methodology for enterprise-level surveys on "Trade-Related Challenges Faced by Exporters" aimed to qualify and quantify the problems exporters in developing countries are facing in the regional and international trade environment by identifying common trade barriers related to supply side, standards and conformity assessment and integration into the multi-lateral trading system and reviewing the possibilities of overcoming these obstacles through Trade-Related Technical Assistance and Capacity Building (TRTA/CB)¹.

11. In particular the survey aims to:

- Explore the nature and extent of challenges to the trade capacity of exporters in the respective country;
- Determine the factors associated with standards compliance across sub-sectors;
- Assess the impact of technical standards and regulations on the value of export sales; and
- Identify mechanisms through which export performance could be enhanced.

12. Based on the methodology developed, pilot surveys were carried out in various countries (including Armenia, Bahrain, Cambodia, Jordan, Guinea, Ghana, Kenya, Lao PDR, Lebanon, Pakistan, Sri Lanka, Viet Nam, and also initiated in Bangladesh, Bhutan, India, Libya, Maldives, and Nepal) from different geographical areas, on different levels of economic development and having different economic structures.

C. KEY EXPORT SECTORS SUPPLY-SIDE CONSTRAINTS – UNIDO COMPETITIVENESS ANALYSIS TOOL

13. Since 2004, UNIDO has been building up a **competitiveness analysis programme** to help countries identify sectors and products with competitive potential and the supply-driven obstacles affecting their export growth. UNIDO's Trade and Industry Competitiveness Analysis tool comprises several services/products:

- Nation-wide assessment of trade and industry competitiveness. It positions the country in the international industrial scene and analyses the factors that drive national manufacturing growth;
- Value chain analysis of key strategic sectors. It identifies high value-added stages in the production process and the conditions under which a country can benefit from specialization. It also analyses the potential markets for export;

¹ For example please refer to : http://www.unido.org.lb/macle/downloads/macle_presentation.pdf or <http://www.un.org.pk/unido/trta-interventions.html>.

- Product analysis methodology for trade negotiations. It gives negotiators an objective tool to identify potential winning and vulnerable products in trade agreements;
- Cost and transactions of doing business. It presents the framework conditions that influence investment decisions in key strategic sectors (e.g. labour and other industrial costs, infrastructure and logistics, laws and regulations, institutional arrangements, incentives in industrial zones, trade agreements, etc.); and
- Industrial observatory. It gives on-line access to all indicators of trade and industry competitiveness (both national and sectoral) to benchmark a country's performance against main competitors, role models and global threats.

14. UNIDO's approach in the competitiveness analysis programme is to build the institutional capacity of national counterparts through awareness raising, training, transfer of databases and methodologies, and the creation and supervision of specialized inter-institutional units in key Ministries and Chambers.

15. UNIDO has trained more than 60 professionals in several countries, and has so far set up two specialized units (UTEPIs) in Ecuador (www.micip.gov.ec/utepi) and Paraguay (www.mic.gov.py).

- UTEPI Ecuador has produced Industrial Competitiveness Reports in 2004 and 2006; Cost and transactions of doing business in 2004 and 2005 (2008 updated on-line); and value-chain studies in pineapple, lime-lemon, cocoa² (i.e. http://www.unido.org/file-storage/download?file_id=72404), orange, and palm oil;
- UTEPI Paraguay has published the Industrial Competitiveness Report 2007, and is about to launch the cost and transaction of doing business in Paraguay 2008. Value chain studies have been completed in leather and soya.

16. UNIDO has developed an exchange programme to strengthen inter-institutional cooperation and information sharing among assisted countries.

D. ANALYSIS OF QUALITY INFRASTRUCTURE CONSTRAINTS

17. In its efforts to contribute to make the Aid for Trade initiative a success for Africa, UNIDO elaborated a **questionnaire to identify the gaps and assess the specific needs of African countries in the field of quality infrastructure**³ (quality promotion, metrology, accreditation, standardization and conformity assessment) that should allow better elaboration of trade capacity building projects at the national and sub-regional levels. The UNIDO survey of the existing situation of quality infrastructures was the basis for the elaboration of an *Action Plan for Africa* to address the weaknesses of those infrastructures with a view to building trade capacity in African countries and improving the prospects of economic development on the continent. The findings of this survey and the proposed UNIDO action plan were presented and discussed during the "Standards Compliance and Conformity Assessment for the Development of Sustainable Trade in Africa" Expert Group Meeting organized jointly with the African Union (AU) and held in Tunis in February 2007.

18. Building up on the initial survey, which covered 32 African Countries, UNIDO is currently updating the already received data while expanding at the same time the scope as well as the

² See for example; http://www.unido.org/file-storage/download?file_id=72404.

³ See for example; http://www.unido.org/file-storage/download?file_id=81710.

geographic coverage. Besides Africa, the current survey includes Asia, the Pacific Island States as well as the Arab region.

19. In particular the survey aims to:

- Assess the priority needs for quality infrastructure upgrading;
- Advocate more effective technical assistance; and
- Develop tailored projects for countries and sub-regions.

20. A similar survey was conducted at the end of 2006 in the six Gulf Cooperation Council (GCC) country members (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates) at the request of the Standardization Organization of the Gulf Cooperation Council (GSO-GCC). The results of the survey led to the formulation of a number of national/regional assistance intervention proposals that included concrete action plans aimed at strengthening the existing capacities. These were presented and discussed in a joint GSO-UNIDO workshop held in the beginning of June 2007 at the headquarters of the Saudi Arabia Authority of Standards and Specifications in Riyadh. Among others, the interventions proposed by UNIDO target the harmonization of standards and technical regulations at the regional level, increased coordination and cooperation in the area of metrology, as well as establishing a GCC-wide regional accreditation mechanism and a GSO-led Management System Certification Body.

E. ANALYSIS OF DEVELOPING COUNTRIES PRODUCT REFUSALS/NOTIFICATIONS

21. Starting from the analysis of product refusals/notifications for developing countries originated by the United States Food and Drug Administration (US-FDA), European Union Rapid Alert System for Food and Feed (EU-RASFF) and Japan (Ministry of Health, Labour and Welfare), UNIDO worked out an **enhanced classification of Non-Tariff Measures (NTMs)/Non-Tariff Barriers (NTBs) to trade**. The classification was developed in the context of the Multi-Agency Support Team established by the Group of Eminent Persons on Non-Tariff Barriers (MAST) through the SPS/TBT Sub-Groups with the participation of several international organizations (Codex Alimentarius, FAO, ITC, OECD, UNCTAD, WTO, US-ERS, and US-ITC) led by OECD and UNIDO.

22. UNCTAD, UNIDO and ITC in cooperation with other MAST members (IMF, FAO, OECD, WTO, WB) launched in 2007 a **Pilot Project on Collection and Quantification of Non-Tariff Measures (NTMs) Database** (UNCTAD-DITC Draft, 18 July 2007). Aimed at developing a systematic methodology of definition and collection of Non-Tariff Measures (NTMs) the project covers nine pilot countries (Brazil, Chile, India, Kenya, Mozambique, Philippines, Switzerland, Thailand and Zambia). The objective is to initiate a country level data collection on NTMs that will help MAST to draw up an analytical framework to carry out a multi-agency effort in data collection process and prepare studies on the impact assessment of NTMs.
