

**CONSULTATIVE WORKSHOP:
INVESTMENT IN LABORATORIES FOR FOOD SAFETY AND
AGRICULTURAL HEALTH**

Submission by the World Bank

The following communication, received on 1 November 2007, is being circulated at the request of the World Bank.

The attached information regarding an STDF Consultative Workshop on Investment in Laboratories for Food Safety and Agricultural Health, to be held at WTO headquarters in Geneva on 15-16 November 2007, is being circulated for the information of WTO Members.

Interested Members and observers are invited to attend the workshop. There will be no charge for participation and prior registration is not required.

For additional information, please contact John Lamb (jlamb@worldbank.org) or Xin Qin (xqin@worldbank.org) at the World Bank, or Michael Roberts at the WTO (Michael.Roberts@wto.org).



**Announcement for a Consultative Workshop:
Investment in Laboratories
for Food Safety and Agricultural Health**

Date: 15-16 November 2007
Location: WTO, Geneva



Background

In their effort to expand trade in agri-food products while also nurturing the national economy, avoiding harm to citizenry, and conserving the environment, developing countries face serious challenges with respect to verification of food safety and protection of plant and animal health.

First, with the adoption of the WTO SPS Agreement, the need for transparency and science-based risk management has increased dramatically.

Secondly, regulatory complexity has risen with the proliferation of bilateral and regional trade agreements, as well as growth in regional trade and domestic commerce.

Third, the emergence of private standards as well as private auditors and certifiers has raised questions about the role of government in analytical services.

Fourth, the appearance of zoonotic diseases such as BSE and HPAI (H5N1) as well as a succession of high profile food crises around the world has focused the attention of virtually everyone on food safety.

Lastly, the relentless march of science and technology has made it possible to detect ever-smaller concentrations of potential harmful substances, but at the same time raised the unit value of leading-edge equipment.

Whether the standards of interest are public or private, mandatory or voluntary, a key challenge for all participants in agri-food production, processing, and marketing is proof of compliance. Proof of compliance implies a systematic approach to conformity assessment. A systematic approach must deal with tasks and activities that range from standard-setting, controls, and quality management systems to surveillance, inspection, detection, identification, and treatment. For analytical test results and ensuing mitigating actions to be credible, a solid network of domestic or foreign laboratories is needed. Their analytical services must be certified a priori and verifiable after the fact. Accreditation of organizations and facilities is sometimes necessary or desirable. Yet developing countries often have inadequate laboratory and diagnostic capacity to address the three key SPS areas at all, much less aspire to certification or accreditation.

Many developing countries are investing more in lab capacity development, and donors are often approached for financial and technical support. While further investment is certainly needed, traditional institutional interests may lead national governments, donors, or the private sector to make expensive, overlapping or incomplete investments, which can result in waste of valuable resources. Competition for staff, budgets, and regulatory authority may threaten productivity and sustainability of public investments, especially in low-income and lower-middle-income countries. Poorly

prioritized or inappropriate investments may also hinder national compliance with WTO and bilateral trading partner requirements. At the same time, inappropriate or unnecessary involvement by government labs in the provision of services to commercial operators may crowd out private providers of lab services, resulting in higher unit costs or slower service.

Guide for Assessing the Need for Investment in Laboratory Capacities to Improve the Management of Food Safety, Plant Health, and Animal Health in Developing Countries

To help improve the effectiveness and efficiency of lab investment and related capacity building activities, in cooperation with UNIDO and in consultation with other international agencies and bilateral donors the World Bank has taken the initiative to develop certain guidelines for: (1) assessing the need for such projects; (2) formulating a strategy for upgrading capacity; (3) identifying and designing key interventions; and then (4) evaluating subsequent results. It is expected that the final guidelines will be disseminated in early 2008.

Since agri-food labs have a key role to play in the risk prevention, control, and mitigation, the point of departure for this initiative is risk analysis, i.e. risk assessment, risk management, and risk communication. While the risk analysis process for a single hazard is generally manageable, the SPS field presents a plethora of hazards, the importance of which varies by region, country or sub-region. It follows that investment decisions for agri-food labs should be based on simultaneous consideration of multiple hazards, especially at the country level.

It is hoped that this effort will help: (a) clarify and prioritize complementary or competing public, private and mixed objectives with respect to SPS; (b) capture best practices in risk assessment, management, and communications, as applied to the three main SPS areas; (c) provide a novel conceptual framework for using multi-hazard risk analysis in combination with financial/economic analysis to guide investment decisions in agri-food labs; (d) suggest best practices in interagency processes and stakeholder dialogue around risk management policy; and (e) provide useful information on how to make lab services more customer-oriented and financially sustainable.

Objective and Purposes of the Workshop

The World Bank and UNIDO recognize that development of a practical guide requires broad consultation with stakeholders of all kinds: directors of SPS regulatory agencies, laboratory heads from the public and private sector, technical experts, user groups, agro-entrepreneurs, NGOs that represent consumers, and donors. While much can be learned from the approaches and experiences found in emerging and industrialized countries, the challenge is arguably greater for developing countries, so the consultations will focus on developing country representatives. A consultative workshop is planned for November 15-16th, 2007 under the auspices of WTO in Geneva.

This workshop has two main purposes. First, since laboratory specialists have already been commissioned by the World Bank and UNIDO to provide technical input into the draft guideline, this workshop will **provide an opportunity to present their component findings and reports** (covering chemical analysis labs, microbiological analysis labs, plant health labs, and animal health labs, respectively), **as well as draft texts** of the interpretative guideline for policy-makers. Secondly, this workshop will **provide an open forum for stakeholders** of differing perspectives and background to comment on the presentations, and exchange views, lessons, and experiences on a wide range of issues regarding SPS-related laboratory investment and capacity building.

Questions

Issues to be considered during the workshop include the following:

- What is the mission of an agri-food laboratory system, and how does it vary by context?
- What are the critical functions that agri-food labs must carry out in support of sanitary and phytosanitary issues as well as broader themes such as environmental or worker protection?
- What are the critical lab-related services that must be offered within any country, irrespective of size of economy, population, or territory?
- How does the breadth of functions and services available domestically vary as the agri-food sector and economy grow?
- Which critical functions and services are inherently governmental? Which are largely commercial? And which represent mixed goods that could be provided by either government or the private sector?
- How best to deal with the realities of overlapping mandates, conflicting regulations, or rivalry between governmental agencies?
- What's the optimal role of private laboratory service providers in dealing with conformity assessment in the SPS field? How should they interact with publicly-funded providers? How can collaboration rather than competition be enhanced?
- What are the key technical, administrative, economic, financial, and market factors to consider in assessing lab investment needs?
- How can competing public and private goals or objectives be dealt with?
- What conceptual framework and procedures for cost-benefit analysis can improve the rigor of lab investment decisions?
- What is the relationship between investment in the hardware (physical structure, equipments, etc.), "wetware" (managerial and technical professionals and technicians), and "orgware" (organization and governance)?
- What are the alternatives to investing in national lab capacity in the public sector?
- Under what circumstances and in which areas can regional approaches and resources complement national approaches and capacities? What are examples of good practices in achieving regional synergies?
- How important is international accreditation, and under what circumstances is it essential?
- What lessons have been learned with respect to sustainability of lab investment projects?

**Agenda for Consultative Workshop:
Investment in Laboratories for Food Safety and Agricultural Health**

15 November 2007

10:00 Opening: Welcoming remarks by Mr. Michael Roberts, SPS Secretariat, WTO, Geneva

10:05 Session 1: Setting the stage

Panel of Speakers:

Mr. John Lamb, World Bank, Washington, DC, on the growing challenge of dealing with agri-food standards, both public and private, to enhance productivity and competitiveness while protecting human, plant and animal health.

Dr. Kees Van Der Meer, World Bank, Washington, DC, on the responsibility, role and functions of domestic agricultural and food laboratory systems in support of food safety and agricultural health

Mr. Stanley Heri, Africa Chairman of COLEACP's EU-funded Pesticide Improvement Programme, and former Executive Director of the Horticulture Promotion Council, Harare, Zimbabwe, on the experience of the EU-supported Pesticide Improvement Program in dealing with the need for agricultural lab services

Mr. Steffen Kaeser, UNIDO, Vienna, on lessons learned to date by donor agencies engaged in trade capacity building in agri-food standards arena, for SPS matters especially

Q and A (written questions)

11:15 Session 2: Chemical and microbiological labs

Presentations of main issues, findings, and recommendations by lead UNIDO consultant

Discussant comments by:

Dr. Nirmala Pieris, Head of Corporate Services, Industrial Technology Institute, Colombo, Sri Lanka, and Vice-President, WAITRO, on experience gained in establishing and managing a State-owned full service lab

Mr. Steve Homer, Group Corporate Responsibility Manager, Flamingo Holdings, UK, on the perspective of private sector customers for lab services for high-value export crops

Dr. Marcelo Alvarez, National Service for Food Quality and Safety (SENASA), Buenos Aires, on an example of public-private collaboration in dealing with the challenge of new EU aflatoxin standards for peanuts

Q&A (open microphone)

13:00-14:30 Lunch

14:30-15:00 Session 3: (w/o translation): LABNET, a Knowledge Management Portal for Lab Professionals

A presentation by Mr. Steffen Kaeser and cooperators

15.00 Session 4: Plant health labs and animal health labs

Presentation of main issues, findings, and recommendations by Dr. Maria Beug-Deeb

Discussant comments by:

Dr. Alain Dehove, Coordinator of the World Fund for Animal Health and Welfare, OIE, Paris focusing on the relevance of findings to the HPAI challenge

Dr. Henry Wainwright of Real IPM, Kenya, on the relevance of the findings to plant protection issues encountered in Sub-Saharan Africa

Q and A (open microphone)

16.15 Session 5: Experiences from the field with upgrading the domestic lab system

Presentations on

Lithuania (upgrading and consolidation of the veterinary and food lab system) by Dr. Vidmantas Paulauskas, Deputy Director, State Food and Veterinary Service, National Veterinary Laboratory, Vilnius

El Salvador (strong initial donor support, followed by re-positioning for financial sustainability) by Ing. Flor De Maria Sosa de Mendoza, Director of Quality Services, Salvadoran Foundation for Economic and Social Development (FUSADES), San Salvador

South Africa, Dr. Mike Peet, CEO of the National Accreditation Agency SANAS, on the role of certification and accreditation in conformity assessment for agri-food products

17:15-18:00 Session 6: Findings from Day One

Panel discussion led by Mr. Steve Homer, Group Corporate Responsibility Manager, Flamingo Holdings, United Kingdom, along with:

Dr. Sharonmae Shirley, President of the Laboratories Association of Jamaica

Dr. Faustine Masaga, Chief Standards Officer, National Bureau of Standards, Tanzania

Dr. Saswati Bardhan Bose, Research Officer, National Institute of Agricultural Marketing, India

Dr. Nerie Sanz, Managing Director, Belize Agricultural Health Authority

18.15-19:30 Reception

16 November 2007

10:00 Session 7: Cross-cutting Issues I – parallel sessions

Session 7a - Public vs. Private

Stage-setting remarks by group facilitator Dr. S.P. Vasireddi, Chairman and Managing Director of Vimta Labs Ltd, Hyderabad, India

Anticipated topics:

- ☞ Protecting the public good vs. serving the customer
- ☞ Comparative advantages and disadvantages
- ☞ Getting incentives right to ensure fair competition and grow the market

Session 7b - Strategic Considerations

Stage-setting remarks by group facilitator Sr. Pablo Lopez Salcedo, Director of the Agrifood Area, APPLUS & LGI, Spain, on the roles that foreign laboratories can play in support of agri-food systems in developing countries

Anticipated

topics:

- ☞ Dealing with issues of scale
- ☞ Interagency rivalry and cooperation within a country
- ☞ Regional cooperation/resource-sharing

11:00-11:30 Reports and Discussion on Parallel Sessions 7a and 7b

11.30 Session 8: Cross-cutting Issues II – parallel sessions

Session 8a - Financial Considerations

Stage-setting remarks by group facilitator Dr. S.P. Vasireddi, Chairman and Managing Director of Vimta Labs Ltd, Hyderabad

Anticipated topics:

- ☞ Options for financing capital investments
- ☞ Cost recovery and price-setting
- ☞ Benefit/cost and ROI analysis for laboratory investment

Session 8b – Capacity Building

Stage-setting remarks by group facilitators Dr. Maya Pineiro, Sr. Officer, Food Control and Consumer Protection, FAO, and Ms. Mary Kenny, Officer, FAO

Anticipated topics:

- ☞ Achieving a market-oriented and customer-driven operation
- ☞ Quality enhancement (GLP, lab accreditation)
- ☞ Best practices in technical assistance and training

12:30 – 13:00 Reports and Discussion on Parallel Sessions 8a and 8b

13.00 – 15:00 Lunch

15.00 – 16:00 Session 9: Moving toward a synthesis

A representative from IPPC on the role of labs in supporting the SPS Agreement

A representative from WHO on better handling emerging diseases, especially zoonoses

Mr. John Lamb of the World Bank on other unmet development needs relating to assured compliance

Dr. Isabelle Rollier, Policy Officer for Multilateral Relations (SPS), Directorate-General for Health and Consumer Protection, European Commission, on the way forward for donors

16:00 – 16:30 Session 10: Next steps

For the World Bank's agri-food lab assessment, by Dr. Kees Van Der Meer

For UNIDO on agri-food lab capacity building, by Mr. Steffen Kaeser

16:30 Open Forum

17:15 Closing by Mr. Michael Roberts of WTO

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