

Committee on Sanitary and Phytosanitary Measures

BACKGROUND DOCUMENT FROM THE STANDARDS AND TRADE DEVELOPMENT FACILITY FOR THE GLOBAL REVIEW OF AID FOR TRADE¹

Note by the Secretariat²

I. BACKGROUND

1. The Standards and Trade Development Facility (STDF) is a joint initiative of five organizations with specific expertise in the domain of sanitary and phytosanitary (SPS) measures and trade: the Food and Agriculture Organization (FAO), World Organization for Animal Health (OIE), World Bank, World Health Organization (WHO) and the World Trade Organization (WTO). Other organizations with experience in SPS-related technical co-operation in this area such as the Inter-American Institute for Co-operation on Agriculture (IICA), the International Trade Centre (ITC), the United Nations Conference on Trade and Development (UNCTAD) and the United Nations Industrial Development Organization (UNIDO) also participate in the work of the STDF. The goals of the STDF are:

- to assist developing countries enhance their expertise and capacity to analyze and to implement international sanitary and phytosanitary (SPS) standards, so improving their human, animal and plant health situation, and thus ability to gain and maintain market access; and
- to act as a vehicle for co-ordination among technical co-operation providers, the mobilization of funds, the exchange of experience and the dissemination of best practice in relation to the provision and receipt of SPS-related technical co-operation.

2. As part of its co-ordination mandate, the STDF held a series of workshops as part of the Regional Reviews of Aid for Trade in September 2007. These workshops were part of a larger project aiming to strengthen the link between the supply and receipt of SPS-related technical co-operation in three pilot regions: Central America³, the East African Community (EAC)⁴ and a sub-group of ASEAN countries.⁵ The three STDF workshops were held:

- in Lima, Peru on 12 September (in collaboration with the Inter-American Development Bank);

¹ Also circulated as an internal document of the Standards and Trade Development Facility as STDF 203.

² This document has been prepared under the Secretariat's own responsibility and is without prejudice to the positions of Members or to their rights or obligations under the WTO.

³ Participating countries included Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama.

⁴ Participating countries included Kenya, Tanzania and Uganda. Burundi and Rwanda became full EAC Members as of 1 July 2007. Research was concentrated on Kenya, Tanzania and Uganda.

⁵ Participating countries included Cambodia, Lao People's Democratic Republic and Vietnam.

- in Manila, the Philippines on 18 September (in collaboration with the Asian Development Bank); and
- in Dar es Salaam, Tanzania on 30 September (in collaboration with the African Development Bank).

3. Each workshop was based around an overview of existing SPS capacity evaluations and an inventory of SPS-related technical co-operation provided to each region in the period 2001-2006. At each workshop, participants were invited to give preliminary reactions to the reports and to discuss how the demand and supply of SPS-related technical co-operation may be matched.

4. This report gives an overview of the issues emerging from the first stage of this research.

II. EVALUATIONS OF SPS-RELATED TECHNICAL CO-OPERATION NEEDS

5. In each of the three pilot regions, demand for SPS-related technical co-operation was based on a synthesis of existing evaluations. No new capacity evaluation studies were commissioned. From the research in the three regions, it is clear that a variety of different evaluations have been undertaken in each region.

6. In Central America, 11 separate evaluations studies carried out in the period 2001-2006 were identified. These evaluations include specific analyses of the plant health sector using the IPPC's Phytosanitary Capacity Evaluation (PCE) tool and analysis of the food safety area by the Pan-American Institute for Food Protection and Zoonoses and by the Inter-American Institute for Co-operation on Agriculture (IICA). IICA has used its Performance Vision Strategy (PVS) tool also to carry out sector-specific and general analyses of SPS infrastructure. The OIE has adapted and applied the PVS tool in the animal health sector. The Inter-American Development Bank has carried out research on SPS and TBT in various countries in the region. At a regional level, two comparative analyses of the SPS situation across all of Central America were undertaken in preparation for the Central America Free Trade Agreement (CAFTA) negotiations.⁶ There is also a limited amount of research work on "costs of SPS compliance" which has been carried out in the region.

7. In East Africa, a total of 10 capacity evaluations were identified in addition to a growing body of studies on "costs of compliance" with SPS measures. In 2005 and 2006, the joint WHO/FAO tool on "guidelines to assess capacity building needs to strengthen national food control" were applied in Kenya, Tanzania and Uganda. The resultant evaluations were developed into national strategies on food safety. The PCE was applied in all three countries and the OIE PVS tool was applied in Kenya. The OIE evaluation was preceded by an evaluation of animal health controls under the Pan African Control of Epizootics project funded by the EC. UNIDO also undertook an analysis of Standards Metrology, Testing and Quality (SMTQ) for the East African region focusing on proof of compliance with international market requirements in the agri-food sector. Finally, under the Integrated Framework (IF), the World Bank also carried out background studies on SPS in Tanzania and Uganda as part of the Diagnostic Trade Integration Studies. The World Bank also conducted similar research in Kenya – although not part of the IF.

8. In Cambodia, Lao PDR and Viet Nam a total of 8 national assessments of SPS capacity evaluation and 4 evaluations carried out at a regional level were identified. Of the national evaluations, New Zealand Aid (NZ Aid) has carried out evaluations of food safety and plant health and UNIDO national assessments of Standards Metrology, Testing and Quality (SMTQ)

⁶ In his analysis, the consultant concentrated much of his overview on the over-arching CAFTA evaluations. This led to some criticism from participants at the Lima workshop that the situation had changed since the evaluations were conducted in 2003.

infrastructure. The European Commission (EC) has commissioned assessments of the legal structures of SPS compliance as part of its MUTRAP project. In both Lao PDR and Viet Nam, the World Bank has developed SPS action plans for capacity building. In Lao PDR and Cambodia, the Diagnostic Trade Integration Studies carried out by the Integrated Framework also contained evaluations of SPS capacity. At a regional level, the ASEAN-Australia Development Co-operation Program has carried out evaluations of animal health and biosecurity, ASEAN standards and conformity assessment systems. The Asian Development Bank has also looked at SPS and trade facilitation. The consultant found only a limited amount of research work on "costs of SPS compliance" which has been carried out in the region.

9. From the preceding overview, it is clear that a considerable body of research work on SPS capacity evaluations already exists in all three regions. Overall, the sector-specific evaluations are best developed in the plant health and food safety sectors. The OIE's capacity evaluation tool, adapted from the IICA PVS, is currently being rolled out globally. Of the three tools, two (the IPPC and OIE tools) have been designed as self-evaluation exercises, the results of which should remain confidential unless otherwise directed by the government concerned. In contrast, the results of the joint FAO/WHO food safety tool have been published and, in East Africa, used as the basis on which to develop national food safety strategies. Other capacity evaluations studies, notably, the World Bank's SPS action plans, UNIDO's SMTQ analyses and the Integrated Framework analyses are all in the public domain.

10. Regional approaches to SPS capacity evaluation appear best developed in the Asian region. The main driving force behind these regional evaluations has been regional integration through the Association of South East Asian Nations (ASEAN), and in particular achievement of the ASEAN Free Trade Area. The appearance of highly pathogenic avian influenza has given further impetus to this process.

11. Similar regional integration processes are operating in the other two regions. In Central America, the CAFTA process has prompted regional evaluations of SPS capacity. In East Africa, regional integration processes are on-going through the East African Community (EAC) and the Common Market for East and Southern Africa (COMESA). Another important driver of SPS capacity evaluation at a regional level in Africa is the on-going negotiation of the Economic Partnership Agreements with the EC and the provision of assistance by the EC through programmes aimed at regional groups, e.g. Africa-wide or all Africa, Caribbean Pacific (ACP).

12. A single common analysis of SPS-related technical co-operation needs shared between donors, international organizations and beneficiaries is missing. One clear point emerging from the overview of capacity evaluation tools is that greater possibilities exist both for common analysis of capacity evaluations between donors, regional and international organizations with expertise in the SPS area and also the sharing of existing evaluations.⁷ In the absence of greater co-ordination, there is considerable scope for duplication of effort.

13. A further difficulty identified during the regional consultations meetings in September 2007 was that while capacity evaluations may have "ownership" by national authorities at a technical level, they lack ownership at a political level. This lack of ownership may also be true among the broader SPS constituency if the evaluation is specific e.g. in the animal health sector. In as much as political ownership relates directly to the allocation of budgetary resources to the SPS area, this lack of ownership at a political level can cause difficulties with respect to the translation of needs into the allocation of resources to SPS functions and the continuation of funding for initiatives when donor funding has ceased.

⁷ Over-arching SPS action plans exist in a few cases, for example, the World Bank's SPS action plans developed for Lao PDR and Viet Nam or IICA's PVS strategies.

14. Specific conclusions as to SPS needs at a national and regional level can be found in the work of the three consultants, the reports of each workshop and the summary conclusions and recommendations arising. All relevant documentation can be found on the STDF website at www.standardsfacility.org.

III. INVENTORIES OF SPS-RELATED TECHNICAL CO-OPERATION

15. In each of the three pilot regions, the supply of SPS-related technical co-operation was surveyed. The surveys took the form of inventories compiled on the basis of data harvested from the WTO/OECD Trade Capacity Building Database (TCBDB), document G/SPS/GEN/726, information from websites and databases of international and regional organizations as well as direct requests for information.

16. A number of obstacles were encountered in the preparation of the inventories. The starting point for the analysis was the TCBDB. However, the SPS information reproduced in this database is only partial and had to be supplemented from other sources. For example, the total value of SPS-related assistance reported world-wide in the TCBDB was US\$280 million for the period 2001-2006. This figure is lower than the value of assistance for which the East African region alone was eligible to apply for over the same period which totalled an estimated US\$419 million.

17. A further problem encountered by the consultants was the low response rate to requests for information from donors. In the case of Central America, the low response rate hampered the work of the consultants and follow-up action is needed to complete the inventory. In particular, the consultant for Central America was unable to attach any monetary value to the assistance offered to that region in the period 2001-2006. Response rates by donors were highest for activities in Cambodia, Lao PDR and Viet Nam, but still one-third of the enquiries went unanswered.

18. The inventory for Central America identified 769 training activities carried out in the period 2002-2006. Training activities aimed at general SPS issues and food safety accounted for the highest proportion at 64 per cent of the total. In contrast, animal health activities accounted for only 103 entries or 15 per cent of the total. Among donors, the United States (US) was the largest supplier of technical assistance, accounting for 342 activities or 50 per cent of the total. The next largest bilateral donor was Canada with some 20 activities over the survey period or 3 per cent of the total. Of the three inventories, the one for Central America was the weakest. One of the conclusions from the Lima workshop was the need to update and improve this information.

19. According to the inventory for East Africa, an estimated total of US\$36 million was provided in direct SPS-related assistance to Kenya, Tanzania and Uganda for SPS-related assistance in the period 2001-2006. In addition to direct assistance, Kenya, Tanzania and Uganda were also eligible to benefit from SPS-related assistance projects offered at a *supranational* level. In value terms, *supranational* SPS-related assistance can be valued at US\$383 million for the period 2001-2006. It is however, impossible to estimate the portion of this total which may have benefited Kenya, Tanzania and Uganda.

20. The high value of *supranational* assistance underlines the importance of assistance offered by the EC through various ACP-specific or Africa-specific projects. Of the total of US\$383 million, assistance from the EC accounts for US\$284 million or 74 per cent of the total. Taken together, the EC and its Member States provided 97 per cent of *supranational* SPS-related assistance by value. For direct assistance to Kenya, Tanzania and Uganda, the EC and its Member States were also the most important assistance providers accounting for 95 per cent of all.

21. Donor operations were also directed at specific areas. At *supranational* level the EC was most active in the animal health area. A total of US\$121 million has been offered by the EC on

animal health programmes. While animal health projects accounted for 39 per cent of total *supranational* assistance by value, only 9 per cent of direct assistance to Kenya, Tanzania and Uganda was directed at the animal health sector.

22. According to the inventory of technical assistance for Cambodia, Lao PDR and Viet Nam a total of US\$315 million was provided in assistance through 152 projects in the period 2001-2006. Of this total, Vietnam was the largest recipient of funds by value with US\$155 million or 49 per cent of the total for the entire period. Cambodia and Lao PDR received 5 per cent and 6 per cent respectively of the assistance by value. 40 per cent by value of the assistance given was provided through multi-country projects. One project offered by Denmark to the fisheries sector in Viet Nam accounted for 27 per cent of the assistance provided to the entire region as a whole in the survey period.

23. The high number of multi-country projects reflects the strength of regional institutions, notably ASEAN, the Asia-Pacific Economic Cooperation (APEC), and the Asian Development Bank (ADB). There is South-South technical cooperation among the developing countries in the region as exemplified by the Ayeyawaddy-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS) program of Thailand and the Greater Mekong Sub-region (GMS) initiative of the ADB.

24. Australia, Canada, the EC and its member states, Japan and Norway were the most important bilateral donors by value to the CLV countries. In terms of the number of projects, the US was the second largest supplier of technical co-operation. Donor operations were also directed at specific areas. Australia was most active in the plant health sector, while Japan and the US primarily directed assistance to food safety. The tendency to provide multi-country assistance was also reflected in the operations of bilateral donors.

25. In all three regions, the majority of SPS assistance offered was “soft” infrastructure development projects concerned with, for example, updating legal frameworks or providing technical skills for inspection, diagnosis and surveillance for food safety, plant and animal health. Soft infrastructure projects accounted for 72 per cent of entries in Central America and 76 per cent of the total number of projects for Cambodia, Lao PDR and Viet Nam. In East Africa, the consultant estimated the figure higher: at approximately 90 per cent of the total.

26. From the preceding analysis, it is clear that there is considerable variation in the provision of assistance in the SPS area. That variation exists not just between different regions, but also between countries within the same region and within countries between different sectors. Noteworthy is the difference in the provision of assistance at national and regional level between different regions – with the overwhelming majority of assistance being channelled at *supranational* level in the East African region, but relatively little assistance tracked at national level.

27. These preliminary conclusions would appear to suggest that assistance could be more evenly provided within the pilot regions surveyed. It may also suggest that capacity building is being undertaken on ad hoc basis with specific donors looking at specific interventions, rather than as part of an over-arching development plan which includes a clear vision of national SPS strategy. One factor which may give some credence to this conclusion is that at all three regional workshops a strong conclusion which emerged related to the difficulty of translating the need for strengthening SPS functions into concrete actions which will have a tangible impact, in particular in the area of market access.

28. This preliminary conclusion on the need for greater co-ordination between donor activities is further underlined when one considers that the overall level of assistance appears to be on the rise in

both the East Asian and African regions.⁸ In 2001, a total of 17 projects were provided to Cambodia, Lao PDR and Viet Nam, rising to 25 in 2004 and 40 in 2006. The main reason for the increase in assistance between 2004 and 2006 has been the fight against highly pathogenic avian influenza (HPAI). A total of 17 projects on HPAI started in 2006.

29. In 2001, Kenya, Tanzania and Uganda received a total of approximately US\$1.6 million in direct SPS-related assistance. By 2005, this figure had risen to US\$10 million. The same pattern has also been repeated for *supranational* assistance. In 2001, the value of assistance was US\$28.5 million. By 2005, this figure had risen to US\$86 million. The main reason for the growth in assistance over the period has been increasing attention on the part of donors to SPS issues. Of particular importance has been the provision by the EC of a number of very large thematic projects e.g. on pesticides, fisheries and animal health. This trend shows signs of continuing in the East African region. A total of US\$7.6 million has already been committed in SPS-related technical assistance to Kenya, Tanzania and Uganda. At a *supranational* level, a total of US\$141 million can already be identified for the period 2007-2010.

30. This trend towards greater donor funding in the SPS area, and in the trade area more generally, was confirmed during the regional review of Aid for Trade. Important new commitments in the Aid for Trade area are coming on-stream and within aid budgets the area of standards is being given further attention. Against this background, mechanisms to improve co-ordination among assistance providers and beneficiaries may take on greater importance.

IV. NEXT STEPS

31. The initial stage of research has examined existing studies on SPS-related technical assistance needs and the supply of co-operation in three pilot regions over the period 2001-2006. This preliminary work has built a good foundation for further work with the aim of delivering on each of the regions' prioritized needs through an enhanced overall co-ordination of assistance between beneficiaries and donors, as well as among donors themselves.

32. On the demand side of the SPS-related capacity building equation, the objective of the STDF research work will be to consolidate the various SPS capacity evaluations which have been undertaken in each region into a single overview from which to identify a list of priority needs to be addressed in each region.

33. On the supply side, the aim of the next stage of this STDF is to define, both at a national and regional level, how to meet the needs identified in each region through existing, planned or future SPS-related initiatives. The prioritization of needs should assist donors in focusing on how to integrate needs into their programming cycles: short, medium and long-term.

34. The third element to the follow-on work will be to identify elements of good practice which can be integrated into future technical co-operation programmes. For this purpose, field surveys will be conducted in each region on projects identified by donors as good practice in the area of SPS-related technical co-operation.

35. Overall, the purpose of this next stage of the STDF research will be to catalyze Aid for Trade in the area of SPS-related technical assistance in the three pilot regions. Stage 1 research has highlighted that SPS-related technical assistance has been tackled in an ad hoc fashion with little overall coordination between donors over how to address beneficiary needs. One aim of the regional consultations will be to bring beneficiaries and assistance providers into a dialogue, building on

⁸ In the absence of data for the Central American region on the value of assistance offered, no conclusion could be drawn on the evolution of assistance over time.

existing mechanisms where they exist, with the aim of catalysing assistance around priority area identified by beneficiaries. The response to these needs may also include the commission of future project preparation grants or projects through the STDF. As such, this work aims at a practical outcome: the mobilization of resources to address SPS needs. At an issue-specific level, the STDF thus aims to complement the larger Aid for Trade initiative.
