

Overview of balance sheets of needs and priorities for further action

by

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Standards and Trade Development Facility Workshop

Presentation at the workshop

**MOBILIZING AID FOR TRADE FOR SPS-RELATED TECHNICAL
COOPERATION IN THE GREATER MEKONG DELTA SUB-REGION**

Phnom Penh, CAMBODIA, 21-22 May 2008

This report reflects the views of the authors alone and does not represent the views of the STDF or any of its partner agencies or donors.

Purpose of this STDF* effort

- Follow-up on two papers prepared for side event of the STDF MOBILIZING AID FOR TRADE: Focus Asia-Pacific**
 - *Overview of SPS-related Assistance for CLV (2001-2006)*
 - *Overview of SPS Capacity Building Needs Assessments and Compliance Studies for CLV (2001-2006)*
- Prepare Balance Sheets of prioritized gaps between needs and assistance received in SPS capacity building for ***Cambodia, Lao PDR, Vietnam (CLV) and GMS region***

Note: Balance Sheets are not (new) strategies!

footnotes

* STDF (Standards and Trade Development Facility) is a partnership between FAO, OIE, WHO, WTO and World Bank with a multi-donor TF for SPS capacity building, managed by WTO

** 18 September 2007, Asian Development Bank, Manila, Philippines

Overview of this presentation

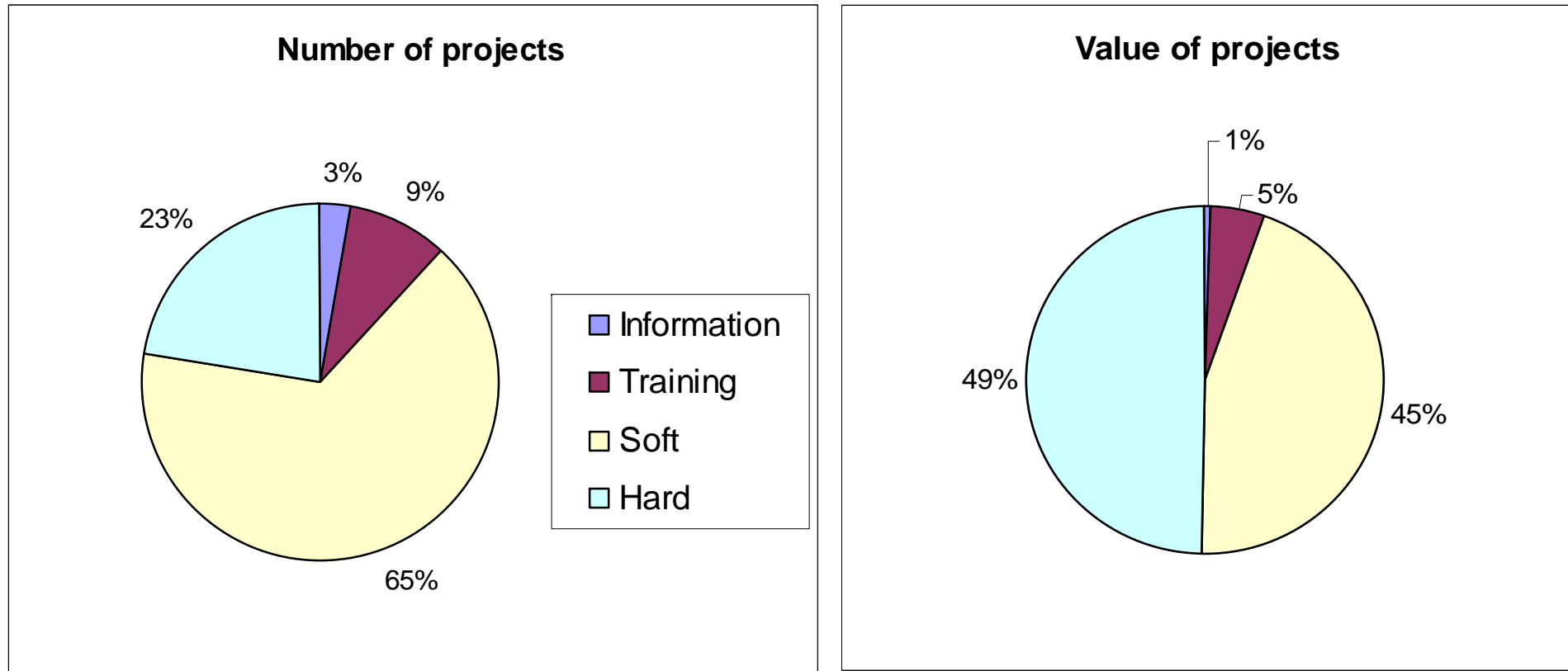
1. Summary of findings presented in Manila
2. Approach for preparing Balance Sheets
3. National and regional perspectives
4. Summary of priority actions
5. Regional agenda
6. Concluding remarks

1. Summary of findings presented in Manila

What SPS support was provided in CLV (2001-6)?

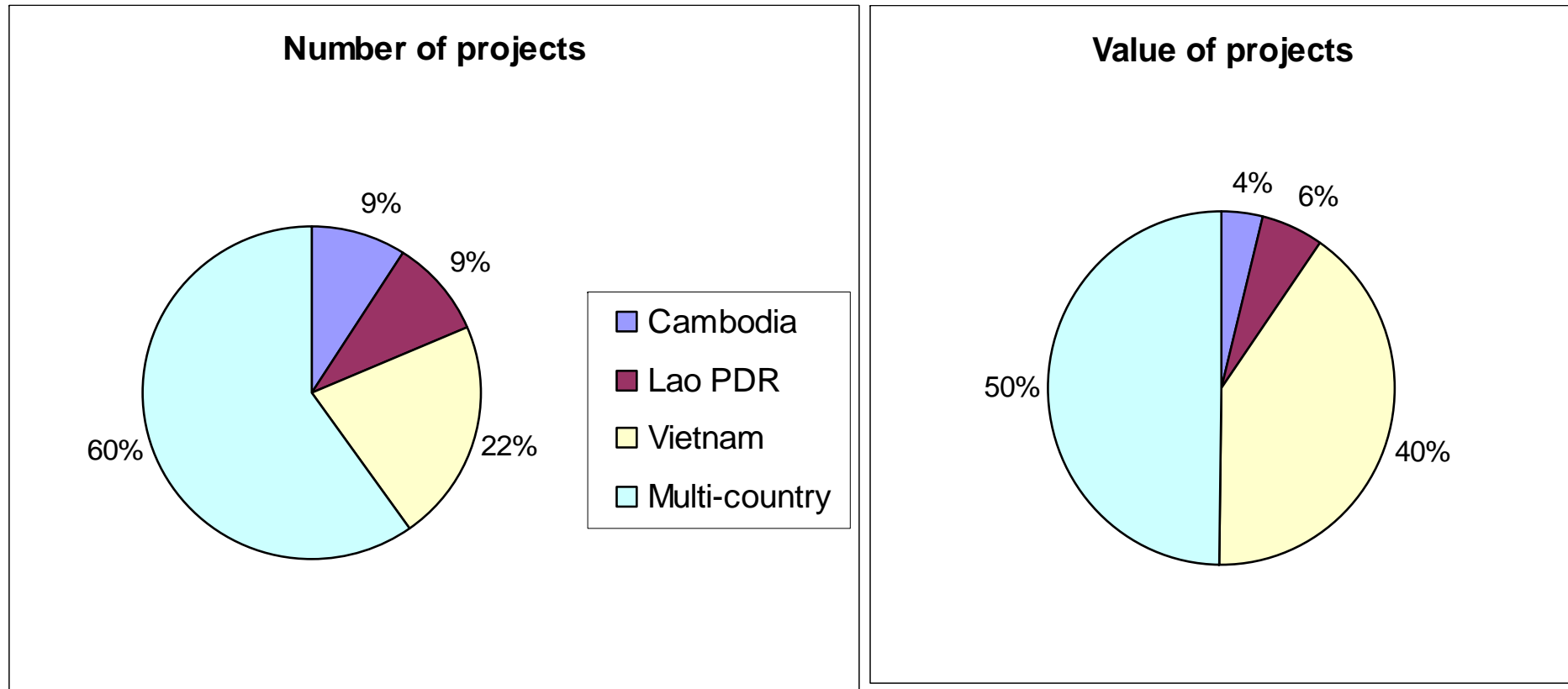
- Sources appeared scattered; many not publicly available
- Dozens of needs assessments and evaluations with different approaches
- Fragmented field with 151 projects worth US\$ 401 million – much more than expected

Overview: By type of assistance



- Majority are “soft” infrastructure projects.

Overview: By country

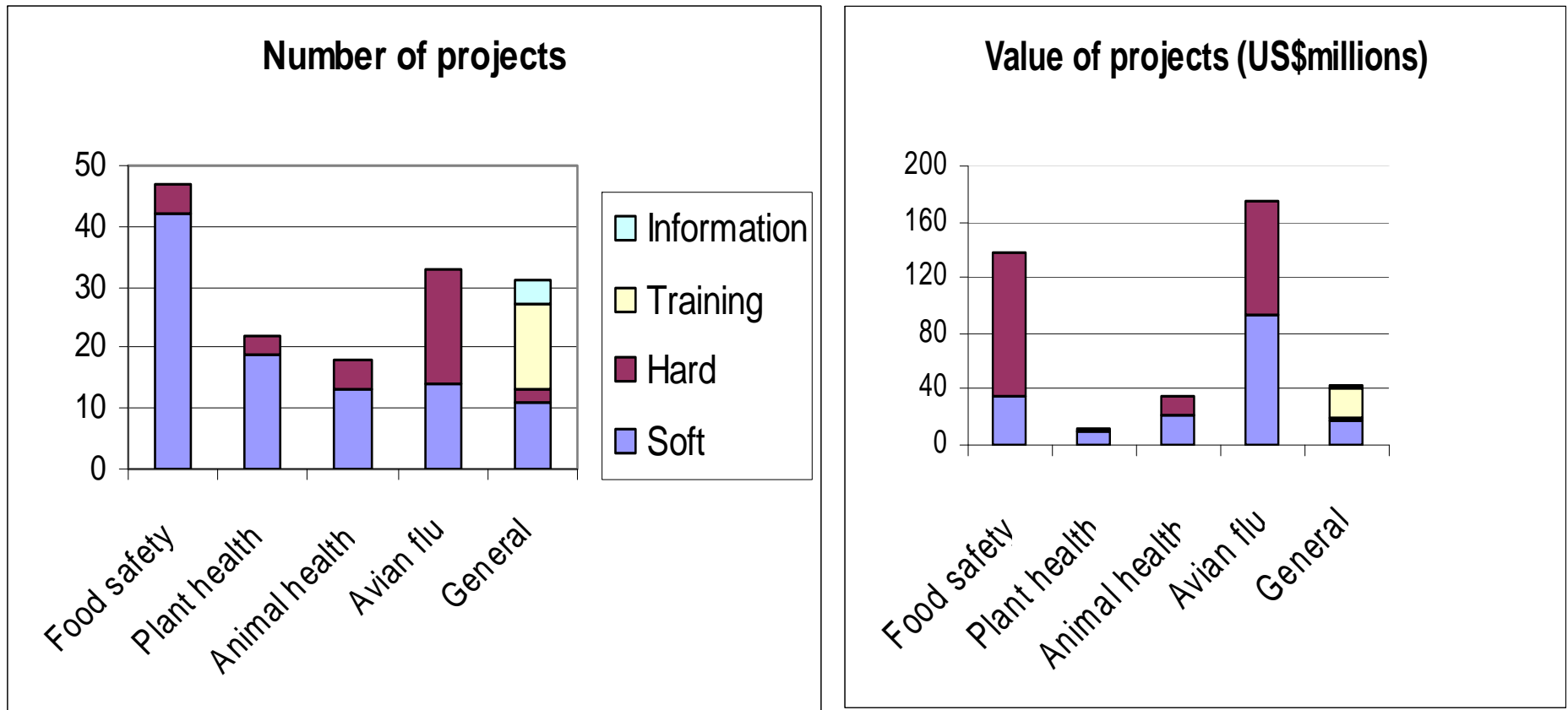


- Tendency towards multi-country projects

Country comparison of SPS projects using selected economic indicators

	Value of projects				
Countries	Total (2001-2006) US\$ millions	Per capita (2005) US\$	% of GDP (2005) US\$	% of AgriGDP (2005) US\$	% of Food and live animal exports (2004), US\$
Cambodia	16	1.103	0.003	0.008	0.247
Lao PDR	24	4.054	0.008	0.018	0.920
Vietnam	162	1.954	0.003	0.015	0.035

Overview: By theme (1)



- Food safety and avian flu have more projects overall and more projects with hard infrastructure components.

Determinants of TA support and needs assessment

- TA:
 - Potential trade – assistance by trading partners
 - Regional initiatives – ASEAN, APEC, GMS, ACMECS
- Needs assessment:
 - mostly related to international agreements (WTO, AFTA), market access, foot and mouth disease, avian flu;
 - less related to food safety/plant health/animal health concerns

Observations on needs assessments

- Differences in methodology; three perspectives:
 - international requirement perspective
 - technical preference perspective
 - opportunity perspective
- Scope: detailed versus holistic
 - relation to broader development agenda
 - level of aggregation
- Supply side dominance – receivers' pragmatism
- Political decision makers in country – skeptic about investing in SPS:
 - want to see benefits
 - require priority setting
- Focus on inputs/outputs or outcomes?
- Mostly targeting public capacities, not private sector
- National and regional perspectives
- Little attention to need of small and big countries

2. Approach for preparing Balance Sheets

Approach in each country

- Prepare tentative draft of balance sheet based on available documents, such as SPS Action Plan
- Visit stakeholders in government, private sector, donors and international agencies for sharing information
- Present updated draft in a verification meeting
- Finalize balance sheet and present it at Phnom Penh meeting

Regional Balance Sheet

- Based on interviews and analysis

“Needs” and “support provided” presented in this report

Clarification:

- Sources included in Manila paper:
 - Project preparations, evaluations
 - SPS Action Plans for Lao PDR and Vietnam
- Additional information from:
 - Public and private sector stakeholders
 - Donor and international agencies
- Interpretation, aggregation and reformulation by consultants
- Verification meetings

“Gaps” presented in this report

Clarification:

- Gaps are difference between “needs” and “support provided” including funded pipeline
- Gaps indicate a substantial amount of work still to be done and not funded yet

Guiding questions for prioritization of gaps (1)

Guiding questions:

1. How do proposed activities fit in the SPS management system? System consists of five interrelated elements:
 - policies, laws and regulations;
 - standards;
 - analytical services;
 - surveillance and inspection; and
 - quarantine, emergency response
2. What is impact on managing risks?
 - A law without implementation adds little
3. What are costs and benefits?
 - ISO 17025 accreditation of labs can be high cost low benefit

Guiding questions for prioritization of gaps (2)

4. What is absorptive capacity?
 - Weak in many sub-sectors; risk of over-loading
5. What about sequence? Examples:
 - Major investment in diagnostics and inspection has to be preceded by legal framework (**Rule of law**) and risk management capacity
 - Training separated from concrete improvements can have limited impact

Priority rating applied in this report:

- 1 – high and immediate priority;
- 2 – medium-term priority; and
- 3 – low and long-term priority

3. National and regional perspectives

Limitations of regional projects

- Different needs by country depending on
 - Products, markets, history, level of development,
 - Size of country
 - Different institutional issues
- Language differences
- High cost of regional events

Conclusion:

Most capacity building needs to be done in country

Regional commonalities and interdependencies

- Same agro-ecological system in GMS
- Trans-boundary pests and diseases
- Porous borders
- Shared risk of outbreaks and food safety hazards
- Harmonization for regional agreements GMS, ASEAN (AFTA and Economic Community)
- Need to bridge disparities

Promising areas for synergy from cross-border cooperation

- Joint preparation of priority **plant pest lists**
- Preparing lists of plant products with **high, moderate and low risks** in bilateral trade as the basis for border control measures
- Joint cross-boundary programs for the containment and reduction of priority **animal diseases**
- Exchange of information about major **food safety risks**
- Joint monitoring programs on the use of **agrochemicals**
- Developing and implementing mutually agreed **SPS border procedures** for GMS
- A joint assessment of needed **laboratory and other diagnostic facilities** in the region, which includes affordability for small countries and possible designation of sub-regional centers for expensive tests and highly specialized tasks.

4. Summary of priority actions

Common observations CLV

- Region overwhelmed by HPAI
 - Competes with other diseases for scarce staff
- WTO accession agenda
- Major demand for legal and regulatory support
- Need to shift from training workshops to implementation and learning by doing
- Much attention given to awareness
- Establishment of multi-donor trust funds for trade facilitation

Cambodia: Special points

- WTO membership, but remaining compliance issues
- Overall weakness of SPS system
- No comprehensive needs assessment
- Unresolved legal and institutional issues
- No rice imports allowed by China
- Inability to provide information to trading partners
- Limited high value export to sensitive markets
- Food safety situation very poor

Cambodia: Summary SPS priority action areas

Priority actions	priority
Provide a comprehensive assessment of needs for capacity building	1
Strengthen institutional and legislative frameworks for fisheries, animal and plant health	1
Promote greater awareness and information for senior and provincial government officials, food producers and consumers	1
Increase capacity of SPS Enquiry Point to more effectively perform function	1
Develop coordinated surveillance programs for plant and animal pests and diseases and for food-borne diseases	2
Enhance capacity for diagnosis and enforcement	3

Lao PDR: Special points

- WTO accession agenda dominates
- No bans, but major risks because of
 - insufficient controls of agro-chemicals, seed, feed
 - inability to provide information to trading partners
- Major efforts needed to get basic system in place
- Main exports to less demanding markets
- Food safety situation very poor

Lao PDR: Summary SPS priority actions (1)

Priority actions	priority
<ul style="list-style-type: none"> • Greater awareness and information on WTO, SPS, Codex, IPPC and OIE for middle management and specialists in MAF, MOH and provincial government related to WTO accession, including capacity for SPS/TBT Enquiry Point to be functional 	1
<ul style="list-style-type: none"> • Capacity for data collection on pests, diseases and food hazards and risk evaluation needed to better manage risks in food safety, plant and animal health 	1
<ul style="list-style-type: none"> • Needs assessment of human resource development – identify skills needs and areas where training is needed 	1
<ul style="list-style-type: none"> • Support for promoting GHP and GMP among SMEs in selected food industries 	1
<ul style="list-style-type: none"> • Development of academic/vocational training for SPS area 	1

Lao PDR: Summary SPS priority actions (2)

Priority actions	Priority
• Overall needs assessment for upgrading of lab capacities	2
• Overall increased capacity for enforcement	3

Vietnam: Special issues

- Basic system in place – much need for strengthening
- Exports of vulnerable products to demanding markets
- Management of export market improved, attention shifts to domestic issues
- Efforts made to solve institutional overlap and strive
- Many SPS issues in lending project for animal products (World Bank)
- Parallel project for plant products (ADB) is other opportunity

Vietnam: Summary SPS priority action areas (1)

Priority actions	priority
Strengthen institutional and legislative frameworks for food safety, animal health and plant health with necessary provisions for enforcement	1
Promote greater awareness of food safety issues for both trade and public health, especially for provincial government officials	1
Intensify information and education programmes on good practices in food production, processing and preparation for farmers, processors and consumers	1
Develop more capacity for data collection on pests, diseases and food hazards (through surveillance) and risk assessments needed to better manage risk of food safety, plant and animal health	1

Vietnam: Summary SPS priority action areas (2)

Priority actions	Priority
Provide training on IPM/GAP for agricultural products, in particular, fruit and vegetables, and quality management (such as HACCP) for food processing establishments	2
Design and implement more effective monitoring and control systems for agro-chemicals	2
Enhance capacity for diagnosis and enforcement	3

5. Regional agenda

CLV: Special issues

- Main gaps in capacities (especially CL) with neighbors Thailand and China
- Risk that deficiencies in domestic markets will spill-over to international supply chains and affect market access
- GMS Cross-Border Transport Agreement poses external pressure to reform SPS
- Border controls in GMS pose more constraints on trade than necessary and provide insufficient health protection
- Need to replace static ineffective border control systems by risk-based surveillance and inspection programs
- Poor control of agrochemicals in GMS countries
- Need for common strategy to upgrade diagnostic capacities

Regional cooperation

Identified gaps for cooperative action	priority
• Develop capacity for surveillance for plant and animal pests and diseases and food borne diseases in domestic markets, data management and risk evaluation	1
• Design and implement more effective monitoring and control systems for agro-chemicals	1
• Assessment of diagnostic capacity for the region, to identify “regional” labs that may be utilized by any of the CLV	1

Concluding remarks

- Main gaps in SPS capacities of CLV deserve support
- Limits in absorptive capacities and available funds require prioritization and sequencing
- In GMS a mix of national, bilateral and regional efforts is likely to provide optimal results
- There is a need to shift donor support to institutional issues and implementation of risk-based systems
- A bigger role has to be given to learning-by-doing