



OVERVIEW OF SPS NEEDS AND ASSISTANCE IN LESOTHO

Background paper
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A. OVERVIEW OF SPS SITUATION

1. Lesotho is small, landlocked and surrounded by South Africa, the region's largest economy. About 70% of the population derives its livelihood, in part, from agriculture which contributes approximately 17% to GDP. Smallholder farmers, mostly subsistence-oriented, dominate agricultural production with small surpluses being sold in local markets. Maize is the most popular crop, followed by sorghum, wheat, beans and peas. According to the DTIS, validated in 2003, agriculture prospects are not encouraging due to *inter alia* lack of arable land and modern farming equipment, low soil quality, high prevalence of HIV/AIDS and periodic droughts.

2. There are opportunities for import substitution on the one hand and niche market production and export on the other. Examples include fruit (peaches, apples, grapes and berries), traditional vegetables (cabbage, carrots and beets) and other specialized products such as honey, mushrooms, asparagus, garlic and paprika. Diversification of exports and markets, however, will require exporters to comply with international standards and private retailer schemes, where applicable.

3. Livestock production is a substantial contributor to rural income and includes cattle (690,000 units), sheep (1.1 million), goats (850,000) and pigs (100,000). Sheep and goats are kept primarily for production of wool and mohair, the two major agricultural exports from Lesotho. Limited opportunities exist to expand production and serve the local - and perhaps regional - market for meat, dairy and poultry products (including hides and skins). Among the constraints holding back further commercial production are scarce land (for fodder) and better handling and processing facilities. Additionally, information on OIE's website reveals the presence of various endemic OIE notifiable diseases, which limits the scope to increase farmers' incomes and access to regional markets. It is recommended that the results of the OIE PVS tool be used to design actions to strengthen the performance of veterinary services. The fact that South Africa surrounds Lesotho might indicate that it already benefits from existing disease eradication and prevention measures undertaken in South Africa. Fish production in Lesotho is limited to village-level fish pond projects, farming carp and other freshwater species.

4. Given that most of Lesotho's food exports are destined for South Africa and should meet South Africa's import standards, the main recommendation stemming from the DTIS is to integrate its SPS measures into South Africa's regime rather than to attempt implementing the SPS Agreement on its own. This would include support to harmonize its legal framework with South Africa's and support to further develop local expertise, including support to participate in the international standard-setting process (Codex, OIE, IPPC).

B. OVERVIEW OF SPS-RELATED TECHNICAL COOPERATION

5. FAO is currently implementing three SPS-related projects, one aiming to improve the animal disease information management system (2006-08, total value US\$159,000), one on emergency control of anthrax (2008, total value US\$239,438) and one to strengthen productivity and competitiveness of the smallholder dairy sector (including Zambia, 2007-11, total value US\$80,000). Other FAO activities at regional level concentrate on control and prevention of avian influenza. Under the Integrated Framework, one Window II project (2004-07, total value US\$440,335) had been launched, implemented by UNDP/ITC, aiming at export and market development of mushrooms and peaches. Some years ago, FAO supported a project to strengthen Lesotho's domestic food control system - including the creation of a National Codex Committee - but no information is available about its current status.

6. Lesotho benefits from a number of programmes and initiatives at regional level. Generally, however, country-specific allocations and/or allocations to SPS issues within these regional programmes are not known. The EC, for instance, provides support to various regional programmes

in the SADC region focusing on Foot and Mouth Disease (FMD, 2006-11, total value US\$15m), capacity building on MRLs (2006-10, total value, €7.5m), promotion of regional integration in the livestock sector (PRINT, 2004-09, total value US\$9.5m) and support for standards, quality assurance, accreditation and metrology (SQAM, 2006-11, total value US\$17m).

7. Lesotho is also eligible under the Regional Standards Programme (RSP, 2006-10) funded by DFID and implemented by ComMark - although no specific projects have been reported for Lesotho. The RSP's objective is to help SADC countries and firms to meet international food quality and safety standards for agri-business products. USAID/USDA provide support to key SPS policy objectives under the African Global Competitiveness Initiative (AGCI, 2006-11, total value US\$11.5m) with the objective to build capacity of African countries to export plant, horticultural, and animal products internationally. Assistance is primarily implemented through USAID's regional trade hubs, including the Southern African Trade Hub in Gaborone, Botswana.

8. At ACP level, various projects funded by the EC include SPS elements. The Programme Initiatives Pesticides (PIP-COLEACP, 2003-08, total value €29.1m) aims to enable ACP countries to comply with European food safety and traceability requirements and includes in-depth analysis of the impact for ACP countries of the new European SPS regulations on official feed and food controls. A second phase of PIP is being considered. The EC programme "Trade.com" (2004-09, total value €50m) focuses *inter alia* on implementation of WTO Agreements and preparation of pilot projects with special attention to SPS/TBT issues. The Support Programme to Integrated National Action Plans for Avian and Human Influenza (SPINAP-AHI, 2007-10, total value €22.5m, implemented by AU-IBAR) aims to strengthen capacity for early detection and rapid response to AHI.

9. Upcoming ACP-wide programmes include Participation of African Nations in Sanitary and Phytosanitary Standard Setting Organizations (PAN-SPSO, 2008-10, total value €3.85m, implemented by AU-IBAR and AU-IAPSC) aiming to enhance effective participation of African countries in the activities of Codex, OIE and IPPC). The programme Strengthening Food Safety Systems Through Sanitary and Phytosanitary (SPS) Measures (2008-2012, estimated value US\$32m) will aim to establish risk-based food and feed safety systems for export products in ACP countries in line with regional, international and EU standards.

10. Reportedly, the EC, FAO, ITC, UNCTAD and the World Bank are currently considering an African wide support programme on agricultural commodities. The aim would be to strengthen capacity to develop and implement sustainable commodity strategies that improve farmers' productivity and their rural livelihoods and reduce income vulnerability (including *inter alia* elaborating strategies covering critical parts of the commodities chain; supporting diversification; helping integrate commodities dependent countries in the international trading system). Total estimated value is US\$54m. Finally, the World Bank is planning to establish an Africa-wide Multi-Donor Trust Fund (MDTF) for Trade and Development. Pilot activities will take place in Madagascar, Tanzania and Senegal.