

**CONCLUSIONS AND RECOMMENDATIONS
AID FOR TRADE WORKSHOP, DAR ES SALAAM
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Summary

- **Standards are a passport for trade.** The ability to control sanitary and phytosanitary (SPS) risk and meet international standards is a key element determining participation of developing countries in the trading system.
- The reduction of pest and disease burdens and improved food safety can help contribute to the achievement of the Millennium Development Goals. **SPS control systems should be considered as a global public good.**
- Needs evaluations underline that progress has been made, notably in several key product areas such as fisheries and horticulture. **Long term SPS compliance challenges nevertheless remain in Kenya, Tanzania and Uganda.** One key challenge is ensuring political and budgetary commitment from beneficiary governments for SPS control systems.
- The global trend towards firm-level, self-regulation implies that the private sector must play an enhanced role in the determination of needs and control of SPS problems at source. **A central challenge is to integrate fragmented and diffuse small-scale producers into local, regional and global value chains.**
- Donors' expectations are that additional funding will become available for SPS capacity building. **Addressing SPS constraints must go hand-in-hand with measures to improve infrastructure and the overall business and investment climate.** Market dynamics must underpin the choice of compliance strategies.
- Further work is necessary on what could be considered good practice in the supply of technical assistance for SPS capacity building so as to address concerns over sustainability of SPS-related assistance. **Turning the Paris Principles into an "on-the-ground" reality is a challenge for both donors and beneficiaries alike.**
- **Prioritization of capacity building needs is essential to ensure that benefits from SPS-related technical assistance have an early impact on human health, poverty alleviation, income growth, increased productive capacities and enhanced trading performance.** One route to arrive at such prioritization is through inter-ministerial national SPS Committees with representation by private, public and civil society groups.
- **Mainstreaming SPS priorities into the broader national development strategies is essential.** The Enhanced Integrated Framework (EIF) process can assist greatly in this process in Tanzania and Uganda.

Overview

1. The Standards and Trade Development Facility (STDF) brought together officials of 12 African countries, representatives of donors and international and regional organizations at a meeting organized in collaboration with the United Nations Economic Commission for Africa and African Development Bank on 30 September 2007. The meeting was officially opened by His Excellency the Minister for Trade, Industry and Marketing of Tanzania, Hon. Basil Mramba (M.P.) and the Director General of the World Trade Organization (WTO), Mr Pascal Lamy. The workshop also benefited from the participation of the Director General of the World Organization of Animal Health, Dr Bernard Vallat, and the Commissioner for Trade of the African Union, Mme Elizabeth Tankeu.

2. The focus of the meeting was on issues related to the mobilisation of capacity building resources in the area of food safety, animal and plant health (collectively known as sanitary and phytosanitary or SPS measures), with a geographical focus on SPS needs in Kenya, Tanzania and Uganda. The workshop considered the "demand" and the "supply" of SPS-related technical assistance for Kenya, Tanzania and Uganda. Conclusions and recommendations were drawn on bridging the gap between on-going needs and the future supply of SPS assistance. Conclusions arising from the workshop were considered to have resonance for the wider East African Community (EAC), the Common Market of Eastern and Southern Africa (COMESA), the Southern African Development Community (SADC) and Africa as a whole.

The "demand side": SPS capacity building needs of Kenya, Tanzania and Uganda

3. The control of animal and plant pests and diseases is essential for communities that rely on agriculture, forestry or fisheries as their primary source of income. SPS capacity building has important public and environmental health benefits. Reduction of the pest and disease burden in developing countries has a key role to play in reducing the prevalence of food-borne maladies, hunger and extreme poverty. Assistance to strengthen sanitary and phytosanitary (SPS) control systems can help contribute to the achievement of the Millennium Development Goals. Mechanisms of compliance with SPS control systems should be considered as a global public good.

4. Evaluations of the SPS capacity building needs of Kenya, Tanzania and Uganda have been conducted by various international organizations and bilateral donors. There is no common agreement on a single evaluation of needs which is shared by donors, beneficiaries and international organizations with expertise in the SPS area. The utility of such a common analysis was recognized, as was the difficulty of arriving at such an outcome.

5. Needs evaluations underline that progress has been made, notably in several key product areas such as fisheries and horticulture. In the horticulture sector, world-class business operations have been built which comply with the most stringent market and official requirements. Long term SPS compliance challenges nevertheless remain in Kenya, Tanzania and Uganda. The success of the fisheries sector in addressing SPS issues for export has not been widely replicated. Likewise, the success of the horticulture sector in Kenya has not been repeated in Tanzania or Uganda. Furthermore the two sectors demonstrated very

different compliance models. In the case of fisheries this was a "crisis-driven" compliance model; in the horticulture sector this was a model of proactive compliance where standards conformity reinforced the sector's competitiveness. These success stories point the way for other sectors, but remain "islands of compliance".

6. A task considered critical is the need to raise awareness of the importance of investment in SPS control among politicians and senior decision-makers in beneficiary countries. Ownership of needs evaluations at a technical level must also to be accompanied by corresponding political and budgetary commitment from beneficiary governments. Such commitment among stakeholders is essential for the long term sustainability of SPS-related technical assistance and national SPS systems more broadly. The emergence of political commitment is noticeable at the level of EAC, COMESA, SADC and in the African Union – notably with respect to the work of the Inter-African Bureau of Animal Resources.

7. The global trend towards firm-level, self-regulation implies that the private sector must play an enhanced role in the determination of needs and control of SPS problems at source. Kenya points the way in demonstrating how compliance with private sector standards can translate into social and economic development and export market access. It also underlines the importance of "voice" and participation in international fora to be able to protect that competitive position. In this context, there are problems of participation by African countries in the WTO system and international standards setting bodies. Of particular concern is lack of participation in the elaboration of private standards.

8. The concept of equivalence, as defined in the WTO SPS Agreement, and how to achieve it is key. Through equivalence, African countries can find effective mechanisms to mitigate risks without having to use the exact same measures as trading partners, in particular developed countries. The objective is to ensure the same level of protection for the trading partner, rather than implementing an identical measure which may not be appropriate for the country.

9. A central challenge is to integrate fragmented and diffuse small-scale producers into local, regional and global value chains. The successful example of the Kenyan horticulture industry, where some 240 exporters source from approximately 500,000 small-scale farmers, is a model for other countries. The important role that business and farmers associations and intermediaries play in this system should be stressed. Assistance strategies need to look at fostering SPS compliance by all operators in the food chain in the face of these dynamic market compliance trends. Greater emphasis is needed on building capability in the private sector, from the level of smallholders through to the whole quality infrastructure covering both SPS and other standards issues.

10. SPS constraints should not be considered in isolation from broader economic development needs. Non-compliance with SPS requirements is typically only one of a number of competitiveness challenges faced by exporters alongside weak banking institutions, communications and transportation infrastructure, high freight rates and utility costs, etc. Addressing SPS constraints must go hand-in-hand with measures to improve infrastructure and the overall business and investment climate. The example from Uganda of a product for which export market compliance had been achieved, i.e. honey, but for which

supply constraints had not been sufficiently addressed to enable export to be economically viable was pertinent in this regard. Market dynamics must underpin the choice of compliance strategies.

11. In conclusion, the ability to control SPS risk and meet international standards is a key element determining participation of developing countries in the trading system. Standards are a passport for trade; they provide the means through which consumers are assured that the final product consumed is the one that he or she desires. Deficiencies in national SPS systems and an inability to demonstrate compliance, exclude developing countries from the benefits of trade, with negative economic and social effects.

The "supply side": inventory of SPS related capacity building for Kenya, Tanzania and Uganda

12. Research on SPS assistance flows for the 2001-2006 period provides a benchmark against which to examine future Aid for Trade in this area. It also highlights difficulties in monitoring assistance flows which may be relevant for other thematic areas. Of particular importance is incomplete reporting to technical assistance databases and a lack of detailed project information and documentation. These difficulties present an obstacle to co-ordination of effort between beneficiaries and providers – particularly with respect to avoiding duplication of effort. One recommendation made was to consider establishment of national information focal points in beneficiary countries, which could also feed into the international databases – such as those operated by the OECD.

13. Work on what could be considered good practice in the supply of technical assistance for SPS capacity building is missing. It is not possible to draw conclusions on the effectiveness of technical assistance provided. Assistance has not been not monitored except through donors' reporting and evaluation mechanisms.

14. Several "drivers" were identified for SPS assistance to Kenya, Tanzania and Uganda including various SPS crises (such as one in the Lake Victoria fisheries sector in the late 1990s), trade policy initiatives to provide duty free and quota market access for least developed and African countries (such as Everything But Arms and the Africa Growth and Opportunity Act), regional integration initiatives (through the East African Community, COMESA and SADC) and attempts by donors to find regional solutions to SPS issues, notably in respect of animal health controls.

15. Some \$143 million has been identified as already committed to assist African countries in compliance for the period 2007-10. Donors' expectations are that additional funding will become available as new initiatives such as the Millennium Challenge Corporation and others come on stream. Given that the majority of assistance is provided at a "*supra-national*" level, one question relates to access to funding and ensuring that African countries are able to benefit equitably. A more fundamental challenge is to ensure that this funding is spent effectively.

16. The relative distribution of assistance between national, multi-country and regional levels is also an issue which prompted debate. Regional initiatives through EAC, COMESA,

SADC and the AU were referenced as needing further support. Nevertheless, there was a feeling that some constraints could only be addressed at national level.

17. One fundamental concern relates to the sustainability of SPS-related assistance, particularly at a national level. Some donors have hesitated to fund hard infrastructure projects, citing previously negative experiences and showed a preference for so-called "soft" infrastructure assistance (e.g. training, information and legal or institutional reform). However, the need to continue supporting the establishment of sustainable and service-oriented quality infrastructure (standards, metrology, testing and quality assurance) remains.

18. Beneficiaries point to the need to focus support more on generating public-private partnerships which take account of value chains. Matching demand by the private sector for services is fundamental to ensure the sustainability of services provided by quality infrastructure. The need to use more local expertise, where available, is another key consideration for sustainability.

19. A factor which affects sustainability is if interventions are supply-driven in nature. Such an approach does not square with the principles enshrined in the Paris Declaration on Aid Effectiveness of the Organization of Economic Co-operation and Development. Turning the Paris Principles into an "on-the-ground" reality is a challenge for both donors and beneficiaries alike.

Bridging the gap: recommendations on matching on-going needs with future supply of SPS-related technical assistance

20. From the analysis of donor assistance, it is clear that assistance has been programmed for the SPS area somewhat into the future. On-going regional economic integration processes are helping catalyze a large portion of this assistance. One conclusion which emerges strongly is that activities need to be adequately co-ordinated to ensure that duplication of effort is avoided across sectors or along the supply chain.

21. A key element of co-ordination needs to be prioritization by Kenya, Tanzania and Uganda. Prioritization of action areas is essential to ensure that benefits from SPS-related technical assistance have an early impact on human health, poverty alleviation, income growth, increased productive capacities and enhanced trading performance. Sequencing is important at two levels. The first level is ensuring that compliance does not precede market development. The second level is ensuring that basic compliance issues are addressed in conjunction with more technical tasks.

22. One route to arrive at prioritization is through fully functional inter-ministerial national SPS Committees with representation by private, public and civil society groups. Recommendations arising from such bodies would have the advantage of being truly "country-owned".

23. There is common agreement that SPS priorities should be mainstreamed into the broader national development strategies of each country. The Enhanced Integrated Framework (EIF) process can assist in mainstreaming SPS into broader trade and

development strategies for Tanzania and Uganda. There is a clear role that the STDF can play in turning the EIF action matrices into reality through government or donor actions.

24. The design of future assistance projects should consider "good practice". Ensuring consistent quality control of assistance projects is an important element in ensuring sustainability. Local procurement and the use of local expertise where it exists is an essential point to consider in this regard.

Next Steps

25. A follow-up meeting between donors, international organizations and senior officials of Kenya, Tanzania and Uganda will be held under the STDF umbrella in the second quarter of 2008. In preparation for this follow-up meeting:

- Existing capacity evaluations will be consolidated and Kenya, Tanzania and Uganda invited to identify priority capacity building needs in the SPS area;
- Research will be undertaken to identify good practice in SPS-related capacity-building; and
- Donors and international organizations will be invited to consider these SPS priorities and propose actions to mobilize assistance for them through existing, planned or new interventions.

26. STDF work on good practice, co-ordination and the mobilization of SPS-related technical assistance should be extended to other regions in Africa in 2008 and beyond.