STANDARDS AND TRADE DEVELOPMENT FACILITY

Project proposal on:

Country-based plans for SPS-related development

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I. SUMMARY AND RECOMMENDATIONS

Goal

1. The goal of the project is to facilitate sanitary and phytosanitary (SPS) capacity building in both the private and public sector. The goal will be achieved by making available a proven planning methodology which is responsive to economic objectives and which encourages a cooperative relationship between donors and private and public sector stakeholders in recipient countries.

Purpose

2. The purpose of the project is to demonstrate in selected countries an integrated approach for planning and executing SPS capacity-building, with special emphasis on enhancement of export market access for agricultural, food, fishery, horticulture and forest products of developing economies.

Activities

3. In the first phase, a methodology will be developed for evaluating SPS capacity at national level. The methodology will identify key economic sectors (e.g. livestock, arable, food processing, fisheries, forestry), look at private/public interaction relevant for these sectors, study the state of SPS legislation and enforcement and draw conclusions on the SPS capacity of the country in both the public and private sector. The methodology will build on existing IPPC, Codex and OIE tools as well as those developed by other relevant organizations (e.g. IICA) into a single generic planning tool. One essential element of the methodology will be a cost-benefit analysis framework to gauge the impact of different resource allocation decisions. A key parameter will be the ability of the sectors selected to maintain or expand export market access.

4. In the second phase, the methodology will be applied in two pilot countries: Uganda and Peru. These two countries have been selected on the basis of technical assistance questionnaires submitted to the WTO and requests made for project funding under the STDF – included in Annex 2. The methodology will be applied so as to identify SPS capacity needs in both of the pilot countries, to evaluate these needs and prioritize them. The methodology will be applied with a participatory approach pulling in expertise from the public and private sector. To do so, the methodology will use existing and new tools specific to the domains of: food safety, animal and plant health/biosecurity, sanitary/phytosanitary barriers to export market access, and obligations under the WTO Agreement on the Application of Sanitary and Phytosanitary Measures (the SPS Agreement). The results of the methodology will then be used to report on SPS capacity and develop an action plan for each country.

5. In the third phase, resources will be sought for national action plans. With the assistance of the consultant that have reported on national capacity, the SPS authorities in both countries will draw up national action plans. Key to this phase is ownership on the part of the countries concerned of the plans established. The plans will make use of national budget resources and identify where international donor support is necessary. As such, it is envisaged that these plans would feed into the Integrated Framework and Poverty Reduction Strategy Paper process for Uganda and general donor activities in Peru. Once completed, these reports will be presented by the national authorities to donors, both in-country and on the margins of meetings of the SPS Committee.

6. In the fourth phase, the consultant will revise the methodology in the light of the experience gained during the project, and prepare a guidance document to facilitate the use of the methodology in other developing countries. It is envisgade that this methodology, if successful, would be applied in further countries – in particular those countries covered by the Integrated Framework.

II. LOGICAL FRAMEWORK

Narrative summary	Key performance indicators	Means of verification
Purpose: To demonstrate in two pilot countries an integrated approach for planning and executing SPS capacity-building	Overall evaluation of project is positive	Review of final project report by STDF Working Group and/or partner agencies Engagement of external donors in STDF action plans
Outputs: 1. Methodology established for systematic identification and prioritisation of SPS capacity-building needs in developing countries	1.1 Methodology developed for identification and prioritisation of activities to enhance market access	Verification by STDF Working Group of methodology at end of phase 1
2. Detailed SPS capacity-building plans prepared for two pilot countries	2.1 Establishment of local steering committees with appropriate representation 2.2 Preparation of country reports	Project manager scrutiny of national reports Government approval for reports
3. Development of national action plans	3.1 Government implementation of action plans 3.2 Donor engagement in national action plans	Scrutiny by project manager of national action plans Government approval of action plans
4. Contractor's final report and revised methodology	4.1 Interest from SPS Committee and STDF Working Group in using methodology in further pilot countries	Financial commitment by donors STDF Working Group meeting and SPS Committee support

III. PROJECT RATIONALE

3.1 Background

7. Sanitary and phytosanitary measures are applied, either voluntarily by producers or as legal requirements, in order to control risks to human, animal or plant life or health from pests and diseases, or to control risks to human or animal health from additives, contaminants or toxins in foods, beverages or feedstuffs. Incursions of exotic pests and diseases can impose very large costs on a country through reducing agricultural productivity, necessitating control or eradication programs, and restricting access to export markets. SPS measures thus support both agricultural productivity and the marketability of agricultural products. The application of mandatory sanitary or phytosanitary measures by governments is covered by the SPS Agreement.

8. The SPS capability of a country is built up of many different elements that together comprise the regulatory, institutional and technical framework. On the public sector side, SPS capability includes legislation, standards, enforcement mechanisms, inspection and certification systems, monitoring and surveillance systems, management structures, trained staff, laboratories, communication systems, etc. On the private sector side there are complementary capabilities in production supervision, plant and animal health monitoring, pest management, and so forth. Together these systems must not only manage food safety and biosecurity risks, in a manner consistent with the obligations under the SPS Agreement, but must also facilitate export of animal and plant products in conformity with the requirements of importing countries.

3.2 Current situation

9. When the SPS Agreement came into force in January 1995, all WTO Members assumed specific obligations which in effect prohibit the use of SPS measures in such a way as to constitute arbitrary or unjustifiable restriction of trade. The obligations on each Member include establishment of a national enquiry point and designation of a national notification authority to ensure transparency on SPS matters. Special status is accorded to international standards, guidelines and recommendations concerning food safety and animal and plant health as reference points under the Agreement.

10. While implementation of the provisions of the Agreement is onerous for many, especially developing countries, the Agreement also has the potential to assist countries to enhance their market access opportunities where trade is currently inhibited or prevented by arbitrary or unjustified SPS requirements of importing countries. Consequently many developing countries have identified a need for technical assistance in this area, and both multilateral agencies and national donors have responded to this need. Several important studies have shown, however, that technical assistance in the SPS field is often uncoordinated and that major needs are going unmet. It is frequently the case that there is duplication and/or excess capacity in certain types of facilities, such as laboratories, whereas the greater need may be for modern, comprehensive legislation that is effectively enforced. Developing countries often identify sanitary or phytosanitary measures of other countries as significant impediments to their exports, but it is not so common for these countries to adopt a systematic and focussed approach to overcoming these barriers either by meeting the requisite standards or challenging them through WTO channels.

IV. PROJECT DESIGN

11. The purpose of this project is to demonstrate in two pilot countries an integrated approach to identifying SPS capacity and designing national action plans which will enhance capacity in this area with

special emphasis on enhancement of export market access opportunities in key sectors. A key element is a cost-benefit analysis to resource allocation in the SPS sector so as to ensure maximum impact with limited resources.

4.1 Activities

Phase 1: Development of a methodology for evaluating SPS capacity at national level

12. The methodology will identify key economic sectors (e.g. livestock, arable, food processing, fisheries, horticulture, forestry), look at private/public interaction relevant for these sectors, study the state of SPS legislation and enforcement and draw conclusions on the SPS capacity of the country in both the public and private sector.

13. The methodology will be questionnaire-based and distributed to both public sector actors and private sector players in key economic sectors. Public sector actors will include Ministries of Agriculture, Health, Environment, and Trade, with particular reference to officials with responsibility for plant protection, animal health and food safety. In the private sector, particular focus will be paid to ascertaining the needs of small- and medium-sized enterprises.

14. The methodology will utilize diagnostic tools such as a template or structured set of questions, in combination with expert judgment, to identify what the situation is in a country in respect of SPS-related capability. The methodology will be structured around four themes:

- **SPS obligations**

15. Several efforts have been made to build a tool to allow determination of whether countries' SPS regimes conform with their obligations. For example, the template for the preparation of country reports that was used in a Comsec/ITC project carried out in 2001/02 provided a framework for the task.[1] USAID has also commissioned consultants to develop a means of assisting its regional offices to assess where technical assistance could be most usefully directed in respect of SPS issues. The WTO secretariat has prepared a checklist of illustrative SPS issues to assist with the process of accession to the WTO. The WTO secretariat has also prepared useful guidance on the implementation of the transparency provisions of the SPS Agreement.

- **Food safety**

16. For food safety, there are many manuals and guides that could assist the expert assessment of food safety capability and needs in developing countries. The Secretariat of the Codex Alimentarius Commission has developed a needs assessment tool and applied it in selected South Asian countries. The consultants will therefore liaise closely with the Codex Secretariat in the development of the food safety component of the methodology.

- **Managing pest and disease risks**

17. In the area of plant health, a diagnostic tool on capability has been developed by the Interim Commission on Phytosanitary Measures. The tool, a self-administered questionnaire comprising more than 400 questions, has been used in more than 30 developing countries. A corresponding tool for the

[1] A joint project of the International Trade Centre (ITC) and the Commonwealth Secretariat (Comsec) carried out such a diagnostic on six developing countries in 2001-2002. The final report on this project, which covered Jamaica, Kenya, Malaysia, Mauritius, Namibia, and Uganda, is currently being prepared for publication.

assessment of capability for animal health protection is currently under development by the OIE and IICA. The consultants will therefore liaise closely with both organizations.

- **Identify SPS barriers to export market access**

18. A practical means for a country to maximize export opportunities from the perspective of SPS issues is to formulate a technical market access strategy. Essentially this involves -

- uncovering those situations where actual or potential exports are most significantly constrained by SPS barriers in target markets;
- identifying where SPS barriers could be breached through public/private cooperation in the exporting country and the necessary steps to be taken (e.g. feasibility of establishing pest-free places of production and necessary legislation, enforcement and investment);
- recommending strategies to maintain market access in key areas and open markets currently closed off due to SPS restrictions (e.g. risk assessment, certification, official representations in the importing country).

19. A questionnaire should be developed to identify actual or potential SPS barriers in target markets for the selected key sectors. In Phase 3, one of the tasks will be design strategies to overcome these barriers.

20. The consultants should also provide guidance in the form of a cost-benefit analysis approach as to how the results of the questionnaire should be applied by national decion-makers. The analysis should include scenarios for resource allocation with expected outcomes to allow officials to establish the relative merits of different policy and resource allocation options.

Phase 2: Application of methodology in two pilot countries (Uganda and Peru)

21. The consultants would be tasked with applying the methodology in two pilot countries: Uganda and Peru. As a first step in implementation of the project, the consultants will work with key ministries to establish a national working group of key public and private actors. The consultants will then circulate the diagnostic tool to the working group and other concerned parties. On the basis of responses and other information collected by the consultants, a study on the national SPS capacity of each country shall be written in consultation with the appropriate government officials. A draft of the report will be circulated to the national working group for approbation. A final copy of the report will be submitted to the WTO task manager.

Phase 3: Development of national action plans

22. On the basis of the report on SPS capacity, the consultants will work with the national working group to draw up national action plans. The plans will make use of national budget resources and identify specific actions where international donor support is necessary. One particular task will be to examine strategies for overcoming SPS barriers (potential and actual) in target markets for selected product categories. Once completed, these reports will be presented by the national authorities to donors in-country. It is envisaged that these national actions plans would be fed into the Integrated Framweork and PRSP processes in the case of Uganda. A copy will also be circulated to the SPS Committee.

Phase 4: Reporting

23. On the basis of the SPS capacity report and national action plan, and in the light of the experience gained during the project, the consultants will be tasked with preparing a final report which will be used to facilitate the use of the methodology in other developing countries.

4.2 Outputs

24. The major outputs of the project will be:

- a proven methodology for systematic assessment of SPS capacity-building needs in developing countries;
- a cost-benefit analysis based on resource allocation scenarios to assist in identifying and evaluating polics interventions; and

- comprehensive SPS action plans specific to the two pilot countries.

An important parameter for the success of the project will be the ability of the national action plan to galvanize financial commitments from donors to implement this plan.

4.3 Evaluation

25. Progress of the project will be evaluated at the end of each phase, and there will be an overall project evaluation, on the basis of the contractor's report, at the end of Phase 4. The latter evaluation will consider, inter alia, outcomes, sustainability and institutional development, taking into account also the views of the relevant authorities in the pilot countries. The evaluation will be undertaken by an independent external consultant, recruited by the STDF administrator.

V. IMPLEMENTATION

5.1 Management arrangements

26. Overall management of the project will be the responsibility of the WTO, which will designate an officer to perform this function. The WTO will select a contractor to implement the project. Management in each pilot country will be by a working group whose composition will be negotiated with the relevant authorities.

VI. NEXT STEPS

27. Once approved, the project would be tendered on a restricted basis to a shortlist of companies with proven experience in the area of SPS capacity-building.

ANNEX 1

ACRONYMS AND ABBREVIATIONS

Codex	the Codex Alimentarius Commission
FAO	Food and Agricultural Organization of the United Nations
ICPM	Interim Commission on Phytosanitary Measures
IPPC	International Plant Protection Convention
KPI	key performance indicator
MoV	means of verification
OIE	World Organization for Animal Health
SPS	sanitary and phytosanitary
STDF	Standards and Trade Development Facility
WTO	World Trade Organization

DEFINITION OF SPS CAPACITY-BUILDING

Sanitary and phytosanitary (SPS) measures are formally defined in Annex A of the WTO Agreement on the application of such measures.

In broad terms, SPS measures are measures intended to protect human, animal or plant life or health against risks arising from the entry, establishment or spread of pests, diseases, disease-carrying organisms or disease-causing organisms; or to protect human or animal health against risks arising from additives, contaminants, toxins or disease-causing organisms in foods, beverages or feedstuffs; or otherwise to prevent or limit damage from the entry, establishment or spread of pests. SPS measures may take many forms including laws, decrees, regulations, requirements and procedures. Typically SPS measures are food safety requirements, and biosecurity controls designed to keep out exotic pests and diseases.

SPS capacity building refers to the enhancement of a country's ability to design, promulgate and enforce SPS measures in accordance with the rights and obligations of WTO Members so as to achieve the appropriate level of protection against the risks referred to above, and to meet the SPS requirements of trading partner countries. Capacity-building includes creation and strengthening of infrastructure, institution building, and training.

ANNEX 2:

TECHNICAL ASSISTANCE REPLIES FROM PERU AND UGANDA

WORLD TRADE ORGANIZATION

G/SPS/GEN/295/Add.31
6 March 2003

(03-1290)

Committee on Sanitary and Phytosanitary Measures Original: Spanish

QUESTIONNAIRE ON TECHNICAL ASSISTANCE

Submission by Peru

Addendum

Technical assistance requirements:					
	Information	**Training**	**Infrastructure (Hard and/or Soft)**	**Specific Concerns**	**Other**
Rights, obligations and practical operation of the SPS Agreement	More in-depth understanding of the SPS Agreement. Up-to-date information on sanitary and phytosanitary measures.	Seminar-workshop on implementation of the WTO SPS Agreement. Internships in the WTO or other organizations dealing with sanitary and phytosanitary measures (*Codex Alimentarius* Commission, Office international des épizooties (OIE), etc.) for officials from the capital with responsibility for this area.	Trainer fully conversant with the SPS Agreement. National Interconnected Information Network on Agrarian Health. Technical assistance to ensure a greater and more sound awareness of the standards development work of the "Three Sisters".	Proper implementation of the SPS Agreement. Updating and dissemination of sanitary and phytosanitary issues in Peru.	

Technical assistance requirements:					
	Information	**Training**	**Infrastructure (Hard and/or Soft)**	**Specific Concerns**	**Other**
Food safety	Good agricultural practices (GAPs) for producers and up-to-date scientific reports on food safety. Safe product accreditation and certification system. Diagnostic methods for identifying residues of veterinary products in foodstuffs.	Assistance with the development of good practices in relation to agriculture, animal husbandry and primary foods. Optimize Good Manufacturing Practices (GMPs), Sanitation Standard Operating Procedures (SSOPs) and Hazard Analysis and Critical Control Points (HACCPs) in the meat industry. Courses on food risk management and preventive measures. Courses, expert assistance and internships dealing with internationally harmonized procedures for residues of products for veterinary use, veterinary drugs, pesticides and similar substances.	Expert services and consultancy in Peru on the HACCP system. Improvements to the laboratory controlling residues of products for veterinary use.	Keeping the country abreast of new food safety techniques. Gaining access to international markets with safe animal products. Guaranteeing consumer health both in Peru and the importing countries. Acute need for courses on HACCP and other quality systems, given the spread, in Peru, of foodborne diseases, and the severe restrictions on food exports caused by contaminated food. Need for harmonized procedures for controlling residues of products for veterinary use, veterinary drugs, pesticides and similar substances.	

Technical assistance <u>requirements</u>:					
	Information	**Training**	**Infrastructure (Hard and/or Soft)**	**Specific Concerns**	**Other**
Animal health	Electronic information system for analysing animal health risks. Animal health emergency plans. Worldwide distribution of zoonoses.	Simulations of health emergencies caused by the introduction of an exotic disease. Zoonosis risk assessment.	Establishment of an animal health laboratory with suitable equipment and reagents for the diagnosis of transmissible encephalopathies. Establishment of external quarantine control posts.	Prevention of the introduction and spread of transmissible spongiform encephalopathies (TSEs). Protection of Peru's livestock heritage. Some parts of the country present prevalent zoonoses which are affecting the standard of health of the population; teams of researchers are therefore required to assess the damage and propose appropriate control and prevention measures.	

Technical assistance requirements:					
	Information	**Training**	**Infrastructure (Hard and/or Soft)**	**Specific Concerns**	**Other**
Plant health	Assistance with information and notification procedures. Pest risk analysis experience of other countries. Methodology to harmonize pest risk analyses with international standards.	Training in conducting pest risk analysis studies for plants and plant products, including living modified organisms (LMOs), to ensure the adoption of science-based decisions and regulations. Technical visits to areas subject to the phytosanitary surveillance and plant quarantine systems of other official plant protection services. Training in phytosanitary data search. Agreements with other countries to access phytosanitary data resources (databases, online journals).	Assistance with the installation of chambers for irradiation treatment and vapour heat treatment against fruit flies and training in the use thereof. Expert and advisory services on practical pest risk analysis techniques.	Updating of pest risk analysis (additional information). Prevention of the introduction of plant pests and diseases.	

Technical assistance <u>requirements</u>:					
	Information	**Training**	**Infrastructure (Hard and/or Soft)**	**Specific Concerns**	**Other**
Plant health		Strengthening of phytosanitary inspection and certification systems for the declaration of pest-free areas. Training of national experts in pest-free area recognition procedures, strategies and methodologies. Technical visit to study a phytosanitary surveillance system for the prevention of *Tecia solanivora.*			

Technical assistance requirements:					
	Information	**Training**	**Infrastructure (Hard and/or Soft)**	**Specific Concerns**	**Other**
Contact details	**National Agrarian Health Service (SENASA)** Elsa Carbonell Torres, Director of SENASA — E-mail: ecarbonell@senasa.gob.pe Percy Barrón López, Director-General of Planning — E-mail: pbarron@senasa.gob.pe Alicia De La Rosa Brachowicz, Director-General of Plant Health — E-mail: adelarosa@senasa.gob.pe Oscar Domínguez Falcón, Director-General of Animal Health — E-mail: odominguez@senasa.gob.pe **General Directorate of Environmental Health (DIGESA)** Fredy Rivera, Technical Advisor — E-mail: frivera@digesa.sld.pe Ana María Coronado, Head of Permits Division — E-mail: acoronado@digesa.sld.pe **Ministry of Foreign Trade and Tourism (MINCETUR)** Ernesto Guevara Lam, Official — E-mail: eguevara@mincetur.gob.pe Carlos Castro Serón, Official — E-mail: ccastro@mincetur.gob.pe **Ministry of Foreign Affairs** Elizabeth Astete, Under-Secretary for Economic Affairs and International Economic Negotiations — E-mail: eastete@rree.gob.pe Alejandro Riveros, Counsellor — E-mail: ariveros@rree.gob.pe				

WORLD TRADE ORGANIZATION

G/SPS/GEN/295/Add.5
8 February 2002

(02-0633)

Committee on Sanitary and Phytosanitary Measures Original: English

TECHNICAL ASSISTANCE – RESPONSE TO THE QUESTIONNAIRE

Submission by Uganda

Addendum

Technical assistance <u>requirements</u>:					
	Information	**Training**	**Infrastructure: (Hard and/or Soft)**	**Specific concern**	**Other**
Rights, obligations and practical operation of the SPS Agreement	Conferences, seminars and workshops: – - Introduction to the WTO and the inter-national trading systems – - Presentation of the SPS Agreement and related issues	Specific understanding of the SPS agreement by the technical people: - Implementation of transparency - Provisions, applications of risk analysis - Determination of appropriate level of protection - Recognition of equivalence - Regionalization - WTO dispute settlement procedure and analysis of SPS related trade disputes		- Limited awareness of SPS agreement nationally at technical, policy public and private sector levels - Limited ability to organize awareness seminars - Limited capacity to attend international conferences - Limited technical persons - Facilitation of a trained person to train others	
Food safety					
Animal health					

Technical assistance <u>requirements</u>:					
	Information	**Training**	**Infrastructure: (Hard and/or Soft)**	**Specific concern**	**Other**
Plant health	- Up dating of national regulatory framework - Absence of regulations despite the presence of laws - Pest lists and distribution maps - Creation of national data for other countries import's requirement	Training of inspectors on risk assessment, inspection, quarantine diagnostics and certification procedures	- Capacity building including building of a central and regional referral plant quarantine diagnostic laboratories - Equipment, computers, CD-ROMs and databases	- Limited pest identifiers - Training in risk analysis and diagnosis techniques - Upgrading of the Central Post Entry Phytosanitary Laboratory - Establishing satellite laboratories at main entry points	- Designing cost recovery mechanisms for sustainability - Processing and storage facilities for laboratory specimens
Contact details	Mr. Okaasai S. Opolot Head Phytosanitary Inspection Services, Ministry of Agriculture, Animal Industry and Fisheries, P. O. Box 7065, Kampala Uganda				

PREPARATION GRANT APPLICATION FORM

1. Prospective Project Title	Preparation of a Strategic Plan for development and implementation of an SPS infrastructure in Uganda.
2. Requesting Government/ Agency	Uganda National Bureau of Standards VII. PLOT M217 NAKAWA INDUSTRIAL AREA VIII. P.O. BOX 6329, KAMPALA, UGANDA IX. TEL: +256 41 222 367/505 995, X. +256-031-262688/262689 XI. FAX: +256 41 286 123 E-MAIL: unbs@afsat.com
3. Collaborating government/ agency	Ministry of Tourism, Trade and Industry. Ministry of Agriculture Animal Industry and Fisheries. Ministry of Health
4. Project Objectives	• To prepare a detailed blue print with strategic objectives to guide legal and policy direction as well as implementation of SPS measures in Uganda.
5. Preparation activities	• Procurement of a consultant familiar with the subject. • Holding of consultative meetings with stakeholders. • Dialogue through national seminars and workshops. • Preparation of strategic plan.
6. Private sector participation	• Private sector organisations will be consulted so as to include their concerns as implementers of SPS measures in developing the strategic objectives.
7. Donor/partner agencies involved	OIE, IPPC, Codex
8. Preparation Project inputs	28. The total cost is estimated at US$ 10,000 • Procurement of an expert for 4 weeks US$5000 • 2 National Workshops US 5,000
9. Non-STDF contributions	29. UNBS will release staff to work with the expert and co-ordinate local contacts.
10. Timetable	30. Commencement date: As soon as funds are made

	available. 31. Conclusion dates: 2 months.