

COST-BENEFIT ANALYSIS AND SPS-RELATED TECHNICAL ASSISTANCE

UNIVERSITY
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IMPROVING LIFE

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The logo for the Institute of Development Studies (IDS) features the letters 'IDS' in a bold, white, sans-serif font. The letters are set against a red, oval-shaped background that is tilted slightly to the right. The 'I' and 'D' are connected, and the 'S' is positioned to the right of the 'D'.

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OVERVIEW

- × Context
- × Role of economic analysis
- × Approaches to economic analysis
- × Conclusions

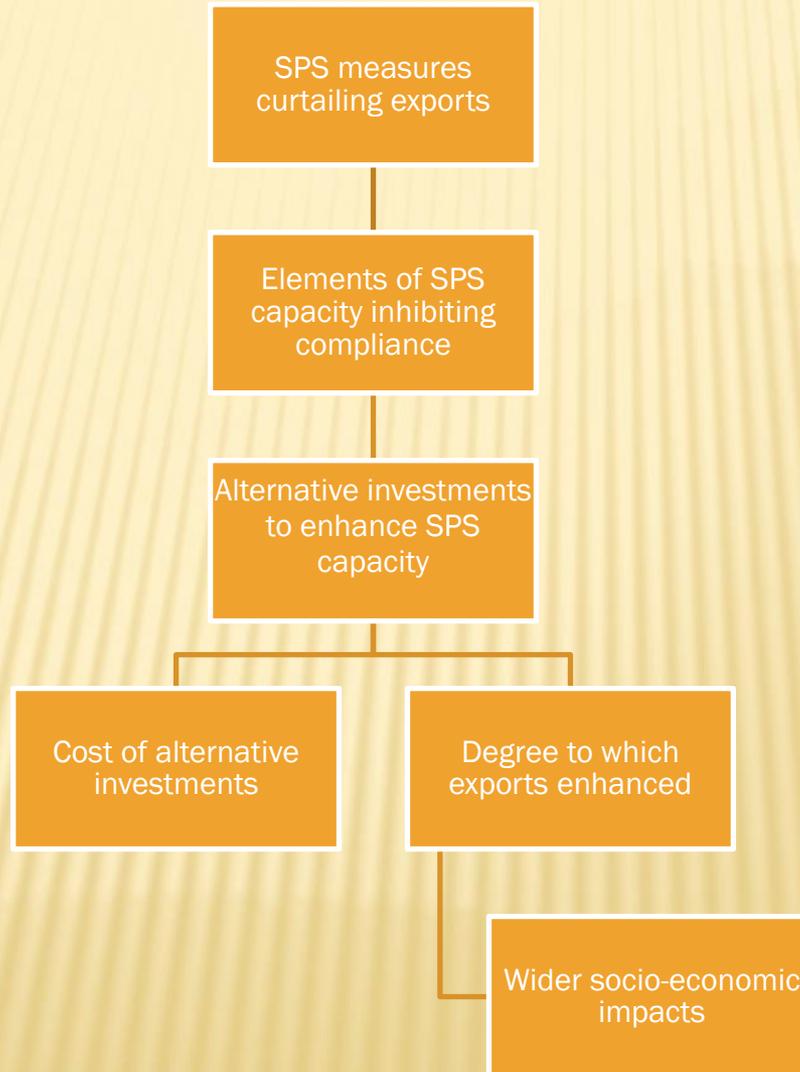
CONTEXT

- ✘ Significant weaknesses in SPS capacity in developing countries
- ✘ Limited resources:
 - + Domestic
 - + Donors
- ✘ Evidence of inefficiencies in technical cooperation:
 - + Supply-led
 - + Lack of priority-setting
 - + Overlaps versus gaps across donors
- ✘ Thrust towards enhanced aid effectiveness:
 - + Information sharing
 - + Coordination
 - + Economic analysis

ROLE OF ECONOMIC ANALYSIS

- ✘ 'Sift out' projects with net cost
- ✘ Identify priorities within capacity-building needs:
 - + Weaknesses in SPS capacity
 - + Products
- ✘ Identify efficient approaches to capacity development:
 - + Alternative solutions
 - + Public versus private sectors

ANALYSIS OF TRADE-RELATED SPS CAPACITY-BUILDING



PROBLEMS ENCOUNTERED IN UNDERTAKING ECONOMIC ANALYSIS

- ✘ Inter-locked impacts:
 - + Trade
 - + Domestic food safety/agricultural productivity
 - + Poverty
- ✘ Attribution
- ✘ Spill-overs:
 - + Capacities
 - + Products
- ✘ Data:
 - + Availability
 - + Reliability

WIDER COSTS AND BENEFITS OF ECONOMIC ANALYSIS

- ✘ Enhances transparency
- ✘ Can facilitate stakeholder involvement
- ✘ Costly:
 - + Resources
 - + Time
- ✘ Helps to avoid 'shopping lists' of capacity-building needs
- ✘ Impact on decision-making:
 - + Changes nature of decisions
 - + Can increase/decrease time taken to make decisions
- ✘ Enhance accountability

ECONOMIC ANALYSIS FRAMEWORKS

- ✘ Cost-benefit analysis:
 - + Which options yield net benefit?
 - + Which option yields greatest net benefit?
- ✘ Cost-effectiveness analysis:
 - + Which option most cost-effective way of achieving given objective?
- ✘ Multi-criteria decision analysis :
 - + Which option best way of achieving outcome with multiple objectives?
 - + What is impact of changing priorities across multiple objectives?

REVIEW OF STDF PROJECT 20

- ✘ Aimed to develop cost-benefit framework to support definition of national action plans
- ✘ Developed highly structured framework
- ✘ Level of analysis was highly aggregated:
 - + Products
 - + Capacities
- ✘ Key metric of benefits was export flows
- ✘ Partial analysis of costs
- ✘ Attributed total future flow of exports to SPS compliance
- ✘ 'Tested' in narrow range of contexts
- ✘ More work needed.....

CONCLUSIONS

- ✘ Certainly a need for more economic analysis
- ✘ Economic analysis in this area is not easy
- ✘ Need to explore alternative approaches to economic analysis
- ✘ STDF can play a role here:
 - + Exploring strengths/weaknesses of alternative frameworks
 - + Working towards an agreed approach
 - + Facilitating the 'testing' of this agreed approach
 - + Providing technical support in economic analysis