Breaking barriers, facilitating trade

The project's objective was to improve intra-COMESA trade in agri-food products in order to improve food security. It aimed to do this by removing barriers associated with the high costs of complying with sanitary and phytosanitary (SPS) measures when exporting agricultural products. Implementation of cost effective, simplified and harmonised SPS measures enable producers to secure and maintain market access for their commodities. This in turn contributes to improved income and food security leading to poverty alleviation.

STDF/PG/346

Status
Completed

Start Date
01/11/2014

End Date
31/10/2018

Project Value (US$)
$1,184,310

STDF Contribution (US$)
$902,691

Beneficiaries
Egypt
Kenya
Malawi
Sudan
Uganda
Zambia
Zimbabwe

Implementing Entities
Common Market for Eastern and Southern Africa (COMESA)

Partners
Ministry of Industry and Trade, Egypt
Ministry of Agriculture and Irrigation, Sudan
Kenya Plant Health Inspectorate Service (KEPHIS)
Ministry of Agriculture Irrigation and Water Development, Malawi
Ministry of Agriculture, Animal Industry and Fisheries, Uganda
Ministry of Agriculture, Zambia
Ministry of Agriculture, Mechanization and Irrigation Development, Zimbabwe

Background

The Common Market for Eastern and Southern Africa (COMESA) was formed in 1994 with an aim to provide a market through which member states could trade freely in order to promote economic development and food security. A major concern amongst the 21 COMESA member countries is the slow growth of intra-Africa trade. At the time the project proposal was developed in 2013, only 10% of total trade undertaken in the continent was from goods produced in African countries and over 95% of cereals traded in Africa were from outside the continent.COMESA undertook studies to identify barriers to trade. Studies on non-tariff measures (NTM) and consequently non-tariff barriers (NTB) indicated that some of the costs to trade were a result of how Sanitary and Phytosanitary Measures (SPS) were being implemented.

Some of the potential reasons why SPS-related costs are high are because of: (i) administrative processes at and behind borders being complicated and lengthy, especially where countries have different requirements; (ii) duplication of inspections and treatments; (iii) over-stringent requirements arising from unnecessary measures; or (iv) value chain actors not having adequate knowledge or capacity to meet technical requirements. High cost of doing businesses is thought to reduce competitiveness and profitability.

COMESA requested funding from STDF to investigate how SPS measures were being implemented, their associated costs and how such costs could be reduced by adjusting and enhancing the efficiency of their implementation. The project focused on selected commodities (maize, fish, oranges, beef, milk, groundnuts, and soya beans) on selected trading routes in Egypt, Sudan, Uganda, Kenya, Zambia, Zimbabwe and Malawi. It aimed to identify and pilot tools and approaches for simplifying the application of SPS measures, upgrading and harmonizing regulatory protocols and standard schemes, and developing the necessary institutional and human resources capacities to facilitate intra–COMESA trade. The project also aimed to identify good practices and innovative approaches that could be disseminated and replicated elsewhere in COMESA.

Results

Improved efficiency of implementation of technical measures

Breaking Barriers aimed to improve the efficiency with which technical measures were applied at specific borders for selected commodities. It also aimed to build interactions between relevant agencies at border posts to identify how technical measures could be better integrated and made part of day-to-day border operations. Through workshops and meetings, the participating countries were able to identify opportunities for streamlining SPS measures. They generated priority action plans to enhance efficiency, some of which were initiated during the project, including development of Standard Operating Procedures (SOPs) for citrus, imports, exports, sampling, and fumigation. Though identified actions were not completed during the time of the project, they remained a reference point to provide policy advice in these countries.

Improved technical measures

Through the project, countries were expected to review their national pest lists for the selected commodities and share these with their trading partner. It was also expected that they would consider conducting joint risk analysis and institute new risk-based protocols with an aim at reducing technical requirements and inspections. Sudan revised its list of pests for citrus while Zambia, Malawi and Zimbabwe revised their lists for maize, soya beans and groundnuts. Based on findings from the updated lists, two joint risk analysis were conducted, one between Zambia and Malawi and the other between Zambia and Zimbabwe. These exercises indicated that SPS border procedures, including sampling for inspections were not geared towards risk management. Zambia and Malawi drafted harmonized phytosanitary border inspection procedure taking into consideration ISPMs 23, 31 and 32. While Zimbabwe and Zambia drafted harmonized import requirements for soya beans and maize. It was noted that technical capacity to conduct risk analysis was inadequate in most countries and hence needs to be enhanced.

Increased understanding of technical measures

The Project intended to increase awareness and understanding of how technical measures were applied at specific borders for the selected commodities, how trade was affected by the cost of implementing them, and how these measures could be either reduced and/or applied more effectively and efficiency. A tool for assessing SPS related costs was developed and used to collect baseline information at four One Stop Border Posts (OSBPs). Information was gathered for fish, milk & milk products exported from Uganda into Kenya through Busia & Malaba borders; soya beans & groundnuts exported from Malawi to Zambia at Mchinji-Mwami border, maize, soya beans & soya products exported mainly from Zambia into Zimbabwe through their Chirundu border, and fish exported from Zambia to Democratic Republic of Congo (DRC), Angola, Namibia and Zimbabwe.

Key factors influencing the cost of trading at the borders was attributed to inefficiency as a result of non-functional OSBPs,

unnecessary inspections that were not risk-based, and traders not being well prepared due to inadequate information on SPS requirements. A comprehensive list of recommendations on how to reduce SPS costs was generated though the project ended before these were implemented. Recommendations included enabling the OSBPs to operate effectively, re-orientating border operations to be based on risk-based considerations, harmonizing measures undertaken at the borders, and raising awareness amongst traders on new measures as well as explaining their role in enhancing the efficiency of their implementation. Countries identified interventions to be addressed at national, bilateral and regional levels. Synthesis reports were generated at the end of the project for each pair of countries that concisely describe SPS and TBT issues that negatively affect cross border trade, and opportunities for improvement.

Recommendations

Implement mitigation measures to improve cross border trade

Good progress was made in developing an assessment tool to gauge SPS-related trading costs. In piloting the tool, countries came up with priority actions to be undertaken, in the short and long term, in order to reduce these costs. Countries therefore need to implement these activities, including the harmonization protocols that were developed.

Improve and scale up use of SPS costs assessment tool

An SPS cost assessment tool was developed and used in this project. It was later adapted and used to assess SPS and TBT by an AfDB funded Tripartite Capacity Building Programme (TCBP). This programme was implemented by COMESA in 2017 on behalf of itself, East African Community (EAC) and Southern African Development Community (SADC). The tool has potential for use in several countries to establish baselines as well as to gauge efforts to reduce trading costs.

Engage trade, political and cross border organs in these types of projects

Projects addressing trade in agricultural products need to closely engage trade-related ministries and organs as opposed to being only anchored in agriculture ministries or departments that do not necessarily have requisite stakeholder linkages or the mandate required to mobilize traders and border officials. Cross border projects should consider working through the established joint border committees to avoid duplication and piecemeal information. It is necessary to have an output that targets the engagement and support of political institutions who have the capacity to disrupt trade for political reasons.

Importance of value chain approach in assessing TBT and SPS costs

The cost of implementing SPS measures at the borders did not emerge as being ‘the key factor’ (in most countries) in slowing or making trade more costly. A key assumption of the project was that SPS costs were a key hindrance to trade. However, baseline assessments and experiences during the project period indicated infrastructure at the borders, politically driven bans, and SPS-related costs during production had more impact on trade. Hence, projects that aim to promote trade need to take a value chain approach in investigating SPS and TBT related costs in order to get comprehensive and comparative results.

Engage relevant stakeholders and technical service providers

Having a PPG that enables stakeholders to come together prior to a fully-fledged project saves time in getting countries on board during actual project implementation. Stakeholders should be identified through a thorough stakeholder analysis. Institutions and credible individuals that should provide contractual technical services to the project need to be identified and agreed upon during project development phase in order to avoid delays in engagement and poor services during project implementation.