



Abt Associates Inc.

Model Arrangements for  
SPS Stakeholder Involvement  
at the National Level

STDF 19

# Phase Three (Final) Report

**Submitted to:**

SPS Secretariat  
World Trade Organization  
Geneva, Switzerland

**Submitted by:**

Abt Associates Inc.  
Bethesda, Maryland

Prepared March 30, 2008

**Model Arrangements for Stakeholder Involvement at the National Level**  
**Phase Three Report**  
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# **Model Arrangements for Stakeholder Involvement at the National Level Final Report**

## **I. Introduction**

In response to requests received from various member governments for technical assistance in the area of sanitary and phytosanitary (SPS) standards, and cognizant of the need to fortify trade capacity in the SPS area, in 2004 the World Trade Organization formulated a pilot project for Sri Lanka and Paraguay entitled “Model Arrangements for Stakeholder Involvement at the National Level (STDF 19).” In early 2005 WTO signed a contract with Abt Associates Incorporated (Abt) to carry out STDF 19.

WTO had defined the ultimate objective of this activity as “improvement in the institutional capacity of the member country to work in an international trading system that applies demanding standards in food safety as well as animal and plant health”. The intended beneficiaries were both public and private sector stakeholders. Collectively, their improved capacity was expected to translate into improved export performance.

The overall goal of STDF 19 was to identify a way to improve SPS-related information flow as well as information sharing between the public and private sector with positive spin-offs for market access. In a later communication, the SPS Secretariat elaborated as follows:

“In essence, the SPS Agreement tells a country it has to provide information, it does not set out clearly the mechanism by which countries should handle the information which is generated by other Members meeting those obligations. WTO document G/SPS/7/rev.2 talks about recommended procedures for notification. The agreement is silent on the national procedures that need to be in place to request information from other countries or to make comments on notifications. There is no guidance on how to comment or handle this information. One of the major aims of this project is thus to give some guidance as to what might constitute model arrangements to handle this information at national level, not just for the information generated by the WTO, but more generally in relation to that generated by OIE, Codex and IPPC. [In other words,] SPS writ-large.”

Ideally, the NNA in each country was to be supported by a mechanism through which stakeholders can be informed promptly of the newly notified SPS measures of other countries so as to be able to comment on them before entry into force. Aside from a vehicle to request the full legal text of a notified measure, which is not provided in the WTO notification, or to ask for details on implementation or on the scientific basis underpinning the new or amended measure, the notification procedure was designed to allow requests for special and differential treatment e.g. a longer time frame for compliance, or else technical assistance, to enable the country to comply with the new measure.

According to the STDF 19 terms of reference, the specific purposes of the project were:

(1) To identify parameters for best practice in order to improve the co-ordination of SPS activities in government departments and in the private sector at a national level;

(2) To improve the technical capacity of government bodies to assimilate and respond to flows of SPS related information;

(3) To improve the technical capacity of government bodies to assess the implications for national exports of new SPS measures or international standards developed by Codex, IPPC, and OIE; and

(4) To establish consultative mechanisms between government and the non-governmental actors, particularly in the private sector.

Results hope for by the end of the project included:

- ◆ A marked improvement in the co-ordination of SPS activities in the two selected developing countries (Sri Lanka and Paraguay) as demonstrated by the establishment of a national SPS coordinating body (including public and private sector stakeholders)

- ◆ Better communication between stakeholders, including: National Notification Authority; National Enquiry Points; the OIE, IPPC and Codex national contact points; government departments; the private sector and consumer groups), as demonstrated by the submission of comments on notifications of particular interest to the private sector and increased participation in the development of international standards of interest.

- ◆ Making National Enquiry Points (NEPs) operational in these countries (e.g. able to screen notifications and identify potential problems, in consultation with stakeholders)

- ◆ An improvement in the quality of "hard" infrastructure for the NEPs

- ◆ Provision of a manual and training material on best practice parameters for improving SPS co-ordination

The **first phase** of this project called for a preliminary assessment of the needs of the people and institutions who would be involved in each country in improving the flow of information, analysis and dialogue on SPS standards and issues, especially between WTO and the stakeholder at the national level. This was completed by the fourth quarter of 2005.

The **second phase** was to be implementation of improvements.

The **third phase** was to include reassessment of results and final reporting.

Subject to the availability of funding, a **fourth phase** was to consist of an ex-post evaluation.

## **II. Recap of Phase One**

### **A. Phase One Background**

Tasks defined for the Assessment Phase included: (a) identifying all relevant SPS issues—whether technical, institutional, regulatory, or political; (b) finding and interviewing organizations that have a legitimate stake in SPS matters; (c) identifying development shareholders who might want to collaborate; (d) reviewing the history of similar efforts to bring the public and private sectors together around SPS issues; and then (e) defining and assessing alternative models of organization, coordination and information management that might improve the handling of SPS issues.

To accomplish these tasks, Abt formalized intermittent consulting arrangements with a lead host country consultant in both countries. For Paraguay, the person chosen was Ing. Agr. Jorge Gattini (B.S. in Agriculture, M.S. in Agricultural Economics, M.S. in Applied Environmental Economics). For Sri Lanka, the person selected was Dr. Srilal de Silva (B. Sc. in Chemistry, M.Phil. in Biotechnology, Ph.D. in Biotechnology).

National Project Coordinator Jorge Gattini and (former) Abt Project Director John Lamb began the fieldwork in Paraguay in March of 2005. The tsunami in Sri Lanka forced a delay in start-up there until May, when National Project Coordinator Dr. Srilal de Silva and SPS Expert Dr. Percy Hawkes began the actual fieldwork.

In both countries, substantial desk analysis preceded the initial interviews. This enabled the team to gain a general understanding of the trading environment and historical trends in food and agricultural exports, to start defining stakeholder categories and entities in both the public and private sector, and to begin identifying the main SPS-related issues.

Then actual interviews were conducted. Interviews took about two weeks of intensive effort by the start-up teams, followed by a 6-8 week period of more intermittent interviewing of distant or hard-to-reach stakeholders, and then another intensive week of follow-up interviews. More than fifty key informants were interviewed in each country, mostly two or three at a time.

In the case of Paraguay, at the request of the Vice-Minister of Agriculture, the team delivered a seminar on food and agricultural standards in general, and SPS in particular, to about 40 additional people who were mostly from the government.

Within the public sector, the interview process generally began with the entities officially designated as National Notification Agency and National Enquiry Point(s) for WTO SPS matters. The national contact points for animal health, plant health and food safety that serve as counterparts to OIE, IPPC, and Codex Alimentarius were next. Then came interviews with senior management and technical staff from the national standards institute. After that, it was relevant officials from the various line ministries (agriculture, fisheries, environment, health, and/or trade) that deal with SPS issues. Finally the directors and information services managers of the export/investment promotion organization(s) were visited, as appropriate, and where they existed.

Within the private sector, meetings were first arranged with both apex organizations for agriculture, commerce, and trade, then with sub-sector, industry, or commodity-specific associations, and lastly with an occasional regional or rural development entity.

To the extent possible, an effort was also made to identify private advocacy organizations in civil society that might have interest in SPS issues. In both Paraguay and Sri Lanka, the team did find a few environmental non-governmental organizations (NGOs) that were concerned with pesticides, but most were involved more with non-SPS issues such as biodiversity, environmental protection, or genetically modified organisms. No consumer advocacy organization of significance could be identified in either country.

The field teams also had productive exchanges with officials and/or project managers representing various international agencies of relevance, among them the World Bank, regional development banks, FAO, the European Union, USAID, DFID, GTZ, and IICA (Paraguay only). In both countries major donor-funded programs were identified in the areas of competitiveness and agricultural diversification. The project leadership expressed interest in collaborating, which is important for capacity building, outreach, and ultimate sustainability.

## **B. Phase One Findings**

### **1. Concerning the National Notification Authorities**

The NNA in Paraguay was/is located in the Ministry of Foreign Relations ([\*Ministerio de Relaciones Exteriores\*](#)), specifically in the WTO Reference Center ([\*Centro de Referencia OMC\*](#)) of the Office of Multilateral Economic Organizations (*Dirección de Organismos Económicos Multilaterales, i.e. DOEM*). The office was found to be well staffed, equipped, and connected (although there was no evident link to the WTO Reference Center from the Ministry's homepage, which mean that one would have to have prior knowledge of the Reference Center and use a search engine to find the correct URL).

When first interviewed, MRE was receiving electronic notifications and other documents from WTO on a regular basis and forwarding them electronically within a day or two to the main stakeholders within the government, apparently using the Ministry's [\*institutional e-mail system\*](#). Depending on the content, target destinations might include the Ministry of Agriculture and Livestock ([\*Ministerio de Agricultura y Ganadería\*](#)), the Ministry of Public Health and Social Welfare ([\*Ministerio de Salud Pública y Bienestar Social\*](#)), Paraguay's two official National Enquiry Points, any of the four National Contact Points for SPS matters (of which two are the same NEPs), or other governmental agencies. A general rule, all notifications and other documents were sent to all client agencies, without any initial filtering, because filtering would have required more specialized staff.

As of STDF19 start-up, virtually no feedback on SPS measures proposed or enacted by other WTO Members had passed from the Paraguayan NNA back to the WTO SPS Secretariat or its Members. And as of 2005, the DOEM had only notified WTO twice of any proposed or actual changes in SPS measures by Paraguay itself. However, the officials who manage this office in

the Ministry of Foreign Relations were well aware of that situation, and requested training through STDF 19 to help them better fulfill notification commitments under the SPS Agreement. Partly as a result of this training, nine new SPS notifications by Paraguay occurred in 2006, plus two more in 2007. So far none has occurred in 2008 [which may or may not mean anything since there is no need to notify if there is no need for change in SPS measures].

In the case of Sri Lanka, at start-up of STDF 19 the NNA of record in the WTO's official list was the [Office of the Director of Environmental and Occupational Health](#) (which was latter called [Office of the Director of Environmental and Occupational Health and Food Safety](#)). This was part of the Ministry of Health, Nutrition and Welfare (later re-named [Ministry of Healthcare & Nutrition](#)).

Yet interviews in mid-2006 revealed that the Department of Foreign Trade (DFT) within the Ministry of Commerce and Trade (later re-named [Ministry of Trade, Marketing, Development, Cooperative and Consumer Services](#)) had become the *de facto* NNA. To avoid confusion, the consultants suggested at that time that WTO be formally advised of a change of NNA, but as of this writing it has not happened.

The individual responsible for WTO matters at DFT when STDF19 started had had good relevant experience, including a prior posting to Geneva in the Sri Lankan diplomatic service. Unfortunately, in the summer of 2006 was posted to Australia, which left a large gap.

Notifications from WTO were generally reaching the E&OH in Sri Lanka in hardcopy form via diplomatic pouch. This was true even though DFT had a computer with Internet connection available in its WTO Reference Center, which was located near the Director General of Commerce's Office, within the Department of Commerce. As a result, notifications were simply piling up in the E&OH NNA, for lack of lower level staff or technical capability to sift through and allocate them by main topic area. While the consultants did find during a later trip that some student volunteers engaged by E&OH were beginning to organize them by date and topic, that action seemed rather inefficient, since WTO's own database allowed for retroactive searching by topic or keyword.

Phase One interviews also revealed that little or no information on SPS matters that was emanating from WTO or its Members was being sent out by E&OH or DFT to other governmental stakeholders, even to the *de facto* NEPs (see below) and national contact points for OIE, IPPC and Codex. Naturally no feedback would be routinely coming back, except when one of the NEPs or a private sector chamber or association was following the issue for other reasons (which did occur in the aflatoxin/cinnamon/EU case).

As far as the consultants could determine from [WTO data](#), only two SPS measures has been notified to WTO by the Sri Lankan government as of the end of 2005, while another four occurred in 2006, two more in 2007, and five in 2008. Arguably STDF 19 made some contribution to that change, but full attribution cannot be asserted.

## **2. Concerning the National Enquiry Points**

Under the SPS Agreement, each Member must designate a National Enquiry Point (NEP) to answer questions coming from WTO itself or from Members. While in theory there should be a single NEP for all three SPS areas, over time some Members have elected to designate two (i.e. human health and life versus plant/animal), three (i.e. one each for human, plant and animal matters), even four NEPs.

As of STDF19 start-up, Paraguay's two officially notified NEPs were both located within the Ministry of Agriculture and Livestock (*Ministerio de Agricultura y Ganadería, i.e. MAG*). The official NEP for plant health was the *Dirección de Defensa Vegetal*, while the NEP for animal health was the *Dirección de Protección Pecuaria*. Although both offices still exist, actual NEP operation has been subsequently been taken over by two agencies that became autonomous in early 2005. The *de facto* NEPs in Paraguay became [SENACSA](#) (*Servicio Nacional de Calidad y Sanidad Animal*) and SENAIVE (*Servicio Nacional de Calidad y Sanidad Vegetal y de Semillas*). Paraguay does not have a separate NEP for food safety, yet its Codex committee in effect plays that role, led by [INTN](#) and supported by [INAN](#), which appear to have somewhat overlapping legal mandates with respect to food safety.

In the case of Sri Lanka, the [Food Control Administration](#) Unit of the Ministry of Healthcare and Nutrition had been designated as the sole NEP. However, during the assessment we concluded that it did not have the mandate, the inclination, or the resources necessary to really play that role across all three SPS areas. Not surprisingly, it tended to pay more attention to food safety. As a result, enquiries coming into Sri Lanka about plant or animal health from other WTO Members (or non-members for that matter) seemed to arrive more often via bilateral communications between the Three Sisters and the respective national contact point, or else via direct communication between homologous national contact points in trading partner countries.

If the Ministry of Health is to keep its official role at single NEP as well as single NNA, it needs a clearer mandate and more funding. Alternatively, one or more additional NEPs could be officially designated and notified to the WTO. In fact, because of the prominence of fisheries and the strong role of that Ministry, Sri Lanka might well be the first WTO member to nominate and notify four NEPs.

### **3. Concerning the National Contact Points**

Shortly after STDF19 started, the newly independent entities SENACSA and SENAIVE also began to serve as national contact points in Paraguay for OIE and IPPC, respectively. Meanwhile the national contact point for Codex Alimentarius remained the national standard-setting and metrology body *Instituto Nacional de Tecnología y Normalización*. Although autonomous since 2005, at which point its name changed to *Instituto Nacional de Tecnología, Normalización y Metrología*, INTN kept close ties with the Ministry of Commerce, which has more to do with product identity, quality, and TBT issues than with SPS. During start-up there was some consternation in the air in Paraguay as to why INAN (*Instituto Nacional de Alimentación y Nutrición*), which belongs to the Ministry of Public Health and Social Welfare, was not serving as national contact point for CODEX matters (and even as one of three NEPs for WTO purposes). It was the consultants' recommendation then and now that either one of the two accept a leasing role, or else that the overlap in mandate be resolved legally via decree.

All three SPS contact points in Paraguay were found to have well-equipped offices with computers and Internet connections (at least dial-up speed). They also had staff designated to handle international and domestic SPS issues, including standards and notifications. However, during the assessment phase it became clear that additional public sector capacity building was needed and desired in Paraguay, especially for SENAIVE, which was only legally constituted in April of 2005. SENAIVE was not as strong as SENACSA because: (1) its mandate covers many more product categories; (2) there is less history of collaboration with the private sector in plant agriculture than in animal agriculture; (3) there are no really strong, broad-based private sector counterpart associations that straddle multiple crop-based industries; (4) SPS threats in the plant health area are generally neither life-threatening nor industry-threatening; and (5) practitioners of plant agriculture in Paraguay had weaker relationships with sister organizations in target markets.

On the other hand, since the cattle sector in Paraguay was so strong already, and it was well represented through the [\*Asociación Rural de Paraguay\*](#) (ARP), the assessment team concluded that there was no clear need for STDF 19 to provide anything other than WTO information to SENACSA. On the other hand, although it had no official designation as NEP or national contact point, the consultant team concluded that INAN should be given some assistance under STDF 19 because of its logical and de facto role in the food safety area.

Turning to Sri Lanka, the national contact point for food safety and CODEX matters was and is still the Office of the Chief Inspector of Food and Drugs within the Food Control Administration Unit of the Ministry of Healthcare and Nutrition. This office does seem to receive all CODEX notifications, but lacks the funds necessary to attend international CODEX meetings.

Since seafood and aquaculture products are major exports for Sri Lanka, and the main market is the EU, some years back all responsibility for that sector and that market passed to the Ministry of Fisheries. This included not just extra-SPS matters such as resource conservation and biodiversity, but also food safety as it relates to fish products for export.

The Sri Lankan government apparently wants the Ministry of Fisheries to take care of both WTO and CODEX food safety concerns for exported seafood and aquacultural products, while the Ministry of Healthcare and Nutrition retains responsibility for food safety with respect to all other agri-food product segments.

Meanwhile the OIE contact point for animal health in Sri Lanka is the Office of the Director of Animal Production and Health in the Ministry of Agriculture. This office receives regular communications from OIE, both electronic and in hard copy, and it seemed to have adequate human and physical resources to play its desired role.

Lastly, for plant health matters, the IPPC contact point was identified as the Office of the Director of Seed Certification and Plant Quarantine, which again is part of the Ministry of Agriculture of Sri Lanka. Unfortunately this office lacks regular access to IPPC materials and databases, partly because it is located in Kandy rather than Colombo. Moreover, the assessment team found that it has only intermittent Internet service, and does not have the resources

necessary to manage required plant health information nor or to deal effectively with all of the private stakeholder groups involved in crop production and trade.

#### **4. Concerning SPS Committee Arrangements**

When STDF 19 began, neither Paraguay nor Sri Lanka had an operational national mechanism for engaging in public-private dialogue and consensus building around SPS matters. Nor did either country possess a standing, functional interagency SPS committee that could bring together for policy analysis and decision-making all government entities that are cognizant of and responsible for the full range of SPS matters.

While Sri Lanka had nominally created an inter-ministerial SPS committee, which was supposed to meet on a quarterly basis, it was only meeting sporadically. On the other hand, while Paraguay had a very strong Codex committee, Paraguay also lacked a national SPS committee capable of covering all three SPS domains.

When STDF19 was initially conceived, the idea was apparently to stimulate formation of a mixed public-private or even purely public National SPS Committee. During the assessment phase of STDF 19 the consultants found that this did not seem to be a felt need in either target country. There was much more interest in improving national coordination between public and private stakeholders in each of the three SPS areas, i.e. within plant agriculture or animal agriculture or food safety.

Yet the consultants also found that in both countries national coordination between government and private sector was happening naturally for at least one major subsector. For Paraguay it was the cattle industry, which had set up an emergency committee after the 2001-2002 outbreak of hoof-and-mouth disease (HMD). Having succeeded in saving the industry and reopening regional and global export markets, it had begun to meet once a week to deal with any and all SPS issues that might affect beef or dairy, and sometimes other livestock-based value chains. In Sri Lanka it was the seafood industry, which had formed a strong public-private coordination mechanism in response to EU HACCP requirements for all incoming shipments of fresh chilled or processed seafood products. As has been seen previously in other countries, a major SPS crisis tends to stimulate collaboration between public and private sector, and within a particular industry, more than any development project can hope.

#### **5. Concerning SPS Information Management**

As noted above, WTO notifications and other information did/do reach the NNAs in both countries, but more quickly in Paraguay than Sri Lanka. “Behind the border”, Paraguay’s NNA did distribute them fairly quickly to the NEPs and other agency stakeholders. By contrast, the NNA in Sri Lanka apparently had not been passing them on at all.

There were some indications in Sri Lanka especially that Governmental agencies and officials individuals involved in SPS matters see their own thematic mandate as the most important, and sometimes become territorial or defensive about them. Not all officials encountered were willing to share information or solicit feedback in an entirely open and transparent way. Obviously this

can impede public-private dialogue, as well as cooperation across public agencies.

In neither country did the consultants find much evidence of SPS-related information or commentary regularly flowing back up from the NEPs and other stakeholders to the NNAs. Neither NNA routinely solicited, collected, assembled, interpreted, repackaged or communicated stakeholder reactions to WTO or Member proposals or actions. The only exception was that of sulfur dioxide MRLs for cinnamon, where the Sri Lankan NNA was in fact instrumental in [bringing the issue before Codex](#), and through Codex to the WTO SPS Committee. Unfortunately, this was probably an anomaly, mostly attributable to the personal qualities and history of one person in the Department of Foreign Trade, as well as advocacy on the part of the various Sri Lankan spice associations.

In general, the assessment team found that SPS information flows more easily in both countries between the national contact points (not always the same as NEPs) and their respective global standards-setting body. Moreover, information exchange for these two counterpart countries and the international standard-setter seemed stronger for animal health matters than for food safety, and for food safety more than plant health.

Not surprisingly, SPS information flow was found to be more effective between national contact points in the source and destination countries when significant trade was occurring or might begin to occur. In other words, if Brazil's oilseed crushing industry needs Paraguayan soybeans to maintain high levels of capacity utilization, the bilateral dialogue between plant health agencies in Brazil and Paraguay on soy-related phytosanitary issues such as rust tends to get energized.

As was to be expected, information flow also tended to improve in response to emergency situations, especially when the very survival of the industry was at stake, and/or when market access was suddenly curtailed or threatened. The obvious example in Paraguay was HMD in cattle, while in Sri Lanka it was the MRL for sulfur dioxide residues in cinnamon.

In both countries public and private leaders acknowledged a shared interest in: (1) resolving animal or plant quarantine or food safety issues that prevent initial access to market access; (2) dealing with an outbreak of a pest or disease, or else an over-tolerance situation that can close a market already penetrated; and (3) knowing about and trying to prevent a change in regulations in important end-markets that could reduce their competitiveness as a supply source. Yet cooperation in resolving such issues had not proven to be automatic, even with respect to the sharing of critical information. Politics or personalities often interfered.

At project inception, Paraguay seemed to have developed more effective public-private partnerships for dealing jointly with the information needs surrounding such issues than Sri Lanka. However, this also varied by industry. For example, the cattle industry in Paraguay seemed to have been much more successful than the soybean industry at achieving a productive internal dialogue on SPS matters, in part because it avoided a confrontational strategy.

Generally, the consultants found that the bigger, more severe problems had stimulated the greatest advances in public-private dialogue and action around SPS challenges. Again this was

not surprising, since threats to an important industry always tend to focus attention and stimulate collaboration even among day-by-day competitors.

Time is often of the essence for SPS issues. Market access can change suddenly due to pest, disease, or food safety problems such as over-tolerance pesticide residues, microbacteriological contamination, toxic substances such as heavy metals, adulterations, and so on. When a shipment had been stopped at the border, source country players (both private and public) tend to interact first with counterparts in the target market, and next with the Three Sisters, and only lastly with WTO itself. So notifications of changes in SPS regulations or their application that pass through WTO often lag behind what is really happening in the marketplace, and the notifications may appear when more direct and expeditious bilateral problem-solving has failed.

Notwithstanding their legal obligations under the SPS Agreement, some countries may perceive notification back to WTO as less important, or at least less urgent, than dealing with the trading partner country directly. In intra-regional trade especially, much of what happens in SPS matters takes place only between homologous government agencies in the source and target countries.

Although WTO does offer a dispute resolution mechanism, which some government officials and industry leaders in Paraguay, Sri Lanka or other developing countries may be generally aware of, the assessment team found that stakeholders tended to see it as a last resort. Before invoking it, stakeholders generally opined that reforms can be achieved faster by elevating SPS disputes to the political level within their respective countries. That implies that it may be more important to get critical SPS information from affected parties (both private and public) to front-line negotiators and the policy-makers who back them, rather than to WTO itself.

Although accurate and timely information about SPS measures proposed or adopted is crucial to opening up and preserving foreign markets, most people interviewed expressed concern about their country or individual ability to access it promptly, interpret it correctly, and deal with it appropriately.

Moreover, while leading officials in the Paraguayan and Sri Lankan NEPs seemed to understand the distinction between quality and SPS standards, most stakeholders did not. They perceive them to be synonymous, or at least bundled. As a result, STDF19 emphasis on SPS matters alone did not always resonate with the private players interviewed, nor with trade development programs or potentially supportive donors. Key informants seemed worried more about the broader issue of dealing with emerging standards of all kinds--not only SPS but also quality, environment, fair trade and so on. In their eyes it constitutes a broad challenge of competitiveness, not a narrowly defined one of market access.

Official standards do still predominate in the animal health arena, partly because there are no gray areas: the product either passes government inspections at the border or it doesn't. Yet the situation appeared to be different for plant health. Receivers of plant products generally still rely on governmental inspection at the border, but when the response to a problem is a quarantine treatment such as fumigation, the resulting degradation in quality or condition becomes a question of private standards rather than public.

### **C. Implications Drawn from Phase One**

Given all of the above findings, after the initial assessment the consulting team concluded that the challenge underlying STDF19 goes far beyond the narrow issues of information dissemination and feedback between the WTO and its members on the one hand, and country-level NNAs, NEPs and private sector stakeholders on the other. The true challenge is how to help both public and private stakeholders in target countries better manage information about all standards—both official and commercial—to become more competitive in international agricultural trade and marketing.

Acceptance of that viewpoint has many implications for design and implementation of standards-related projects:

1. In the food safety area particularly, even as official standards relating to products—e.g. MRLs, absence of contaminants or additives, and so on—continue to determine access to national markets, often more stringent product standards as well as process standards are gaining importance as preconditions to penetrating and holding a position in particular channels of distribution or value chains within those target markets. Unofficial yet very real private requirements for verifiable use of GAP and GMP, HACCP plans, and third-party certification for compliance with GlobalGAP and other private schemes, are becoming de facto requirements for continuing competitiveness in the more attractive end-markets. Consequently, especially during the last decade, anecdotal evidence obtained through this project as well as from others suggests that leading growers, shippers and exporters all over the world have been devoting more time to compliance with private standards than to public standards. Increasingly they treat the latter as a floor rather than a ceiling. It follows that an exclusive focus by any SPS-related information system on WTO-derived documents, or even SPS information between the Three Sisters and the national contact points, misses a significant portion of what actually interests the private sector.
2. Improvement in the capacity of NNAs to receive, filter, allocate and distribute information arriving from WTO or Member States, and then to elicit, synthesize and transmit back feedback, is obviously desirable and necessary. Yet much of what meaningfully occurs in the SPS arena happens between a national contact point and its corresponding standard-setting organization, or else between corresponding contact points in two countries that trade with each other, or else between the national contact points in a single country and the technical agencies and private stakeholders they work with. So the WTO-NNA link, and also the NNA-NEP links, must be seen as discrete segments of a larger information system.
3. WTO content on SPS matters is not sufficiently robust, frequent, compelling, or actionable enough to warrant a dedicated management information and feedback system. While content coming from the Three Sisters is much more substantial and relevant, even then it does not justify a new system, because it is already flowing to the national contact points fairly well, and there is usually some feedback occurring. Adding SPS content issued by the target markets—for instance how to gain admissibility for a new crop or labeling and licensing requirements for a processed food product—might be barely enough to justify a dedicated system. Broadening the scope even further to cover all standards that affect trade in food and agricultural

products would certainly make a new system sufficiently important and useful to justify a significant effort, because key informants in both countries consistently express interest in a one-stop shop customized to their country's needs.

4. More meaningful engagement by the private sector in the SPS arena will require better information flow and coordination of resulting actions. Yet a pre-condition to improving information exchange and coordination of actions is consciousness-raising regarding the importance of SPS and other standards to success and prosperity in international food and agricultural trade. Private sector stakeholders often do not grasp the long-term implications of proposed changes to SPS-related measures.

5. As a general principle, access to and control over information of economic relevance should reside within or close to those who are most affected economically, whether positively or negatively. That means that the private sector should have much faster access to and greater responsibility over SPS-related information than it has had historically, at least as far as official standards are concerned.

6. Yet an entirely new information system, however comprehensive it might be with respect to SPS matters in particular or food and agricultural standards in general, is not likely to work because it will not attract sufficient "traffic", which means virtual visits from private or public stakeholders. It would seem preferable to link the new system seamlessly to other web-based private association sites that already get considerable traffic, and to feed standards-related content into their pre-existing distribution systems to better reach association members and other interested publics.

7. In both Paraguay and Sri Lanka, various web-based information services are already set up and managed from within the private sector, both by apex business organizations such as the Chamber of Commerce in Sri Lanka or sector-specific organizations such as the *Asociación Rural de Paraguay*. Since they already provide content of many different kinds to a broad constituency, the incremental costs of feeding additional SPS content into their system are relatively low. And they seemed interested in adding such content, because it would enhance the relevance of their existing communications vehicles and platforms.

8. While web-based information delivery is increasingly effective in the abstract, to some extent in Paraguay and even more in Sri Lanka, not all economic actors of significance have ready access to or make use of the Internet. Ideally then, even a web-based system should be supplemented by additional means of reaching members, which may mean SMS text messaging alerts that draw people into a central office or documentation center, or else broadcast faxing.

9. If the goal is not only to push information farther out into the private sector, but also to pull responses back from them, the ideal system must also make provision for easy response, probably in the form of point-and-click email feedback.

10. Yet both the push and pull functions require intermediate filters, part automated and partly accomplished by human intervention, to assess relevancy, assign priority, synthesize, and provide value-adding interpretation. This is true at all points in the system: NNA, NEP, national

contact point, apex organization, and private association.

12. Until the design of a new national system is completed and tested, it will not be possible to conclude definitively the actual market, the extent of use, the optimal content, or whether it will be technically and financially sustainable.

13. Since better management of SPS information requires resources, any proposal to change mechanisms has to take into account the likely investment and recurring costs associated with the new model, and also seek to identify likely sources of financing, whether public, private or from donors.

### **III. Moving Toward a New Model for Stakeholder Involvement and SPS Information Management**

Given all of the above, the consultants proposed and vetted in each country a model arrangement for SPS stakeholder involvement at the national level that would have the following elements:

- ☞ A significant stakeholder workshop and follow-on meetings in each country, built around the theme of “Dealing with Emerging Standards in Food and Agricultural Trade”. This sequence would be used as the mechanism for raising awareness of and interest in the field of agri-food standards as a critical element in competitiveness, and also to explain and perfect the concept of a web-based SPS information network
- ☞ Support for the establishment in both Paraguay and Sri Lanka of a web-based portal tentatively dubbed National Portal for Food and Agricultural Standards. Each one to be linked: first, to relevant external sites already managed by WTO, the Three Sisters, FAO’s International SPS Portal, and other resources; secondly to the NNA and NEPs in that country; thirdly, to relevant apex organization sites in that particular country; and fourth, to private associations that represent key trading sectors or value chains or regions of the country. (see enclosed powerpoint slides, in which current or likely NNA, NEP and focal point roles are assumed, but linkages to WTO and the Three Sisters are assumed but not drawn because of visual complexity)
- ☞ Support for the establishment of new websites for selected associations in key value chains, or for the fortification of existing sites to make them work better within this new system
- ☞ Training of the gatekeeper staff at each choke point in the above system, so that they can better perform the functions of relevancy checking, allocation by topic, response to questions, analysis of responses, and management of a consensus-building process on key issues where the entity in question chooses to take a position
- ☞ Some training and technical assistance for the NNA and NEPs
- ☞ Support for the establishment of regular SPS working group meetings between public and private sector at the level of key commodities or subsectors, and possibly at the level of the three main SPS areas (except in animal health, where it is already working), but not

necessarily across all SPS areas

#### **IV. Recap of Phase Two Implementation**

##### **A. Stakeholder meetings and workshops**

During Phase Two, different approaches to stakeholder participation were tried, to see which one worked better.

In the case of Paraguay, after initial individual and small group consultations, at the request of the Vice-minister of Agriculture a seminar of about 50 people from the public and private sector was held in July of 2005. The theme was deliberately chosen as “Agricultural Diversification: Challenges from Globalization and New Approaches” in order to attract a broad audience, but embedded within the 2-hour presentation was a full explanation of what STDF19 and the need to better handle SPS information. (Annex Three to the Phase Two report contained a shortened, lower graphic version of the powerpoint in Spanish actually used). The audience reacted well, asking good questions and commenting that it contained a large array of interesting—and to many present—new information.

Then in December of 2005, after the Inception Report had been presented and approved by the Secretariat, a smaller meeting of public SPS stakeholders (NNA, NEPs, NCPs, IICA, FAO) was held to present, discuss and gain buy-in for the proposed national SPS information system. Over the course of two hours very useful feedback was obtained, which helped shape the final version of the portal especially.

In the case of Sri Lanka, a single large day-long conference was held in November of 2006, built around the theme of “Effectively Dealing with Emerging Public and Private Standards for Agri-food Products: Information, Commentary, and Compliance.” Since the model arrangement had been largely finalized by then, a more structured series of presentations and discussion was used to raise consciousness about the importance of standards, explain the differences between public and private standards as well as between TBTs and SPS standards, describe the WTO and STDF 19, and only after all that to introduce the Model Arrangement. As Annex Two to the Phase Two report showed, the presentations given included:

- *Overview of Agri-food Standards-Meaning, Significance and Trends*
- *Effectively Dealing with Emerging Public and Private Standards for Agri-food Products: Information, Commentary, and Compliance*
- *The TBT Agreement versus the SPS Agreement: What are the Differences?*
- *The Challenge of Private Standards in Agri-food Trade*
- *Dealing with the Information Flow relating to Official SPS Standards*
- *Using Existing Tools*
- *Moving Toward a Web-based National SPS Information System for Sri Lanka*

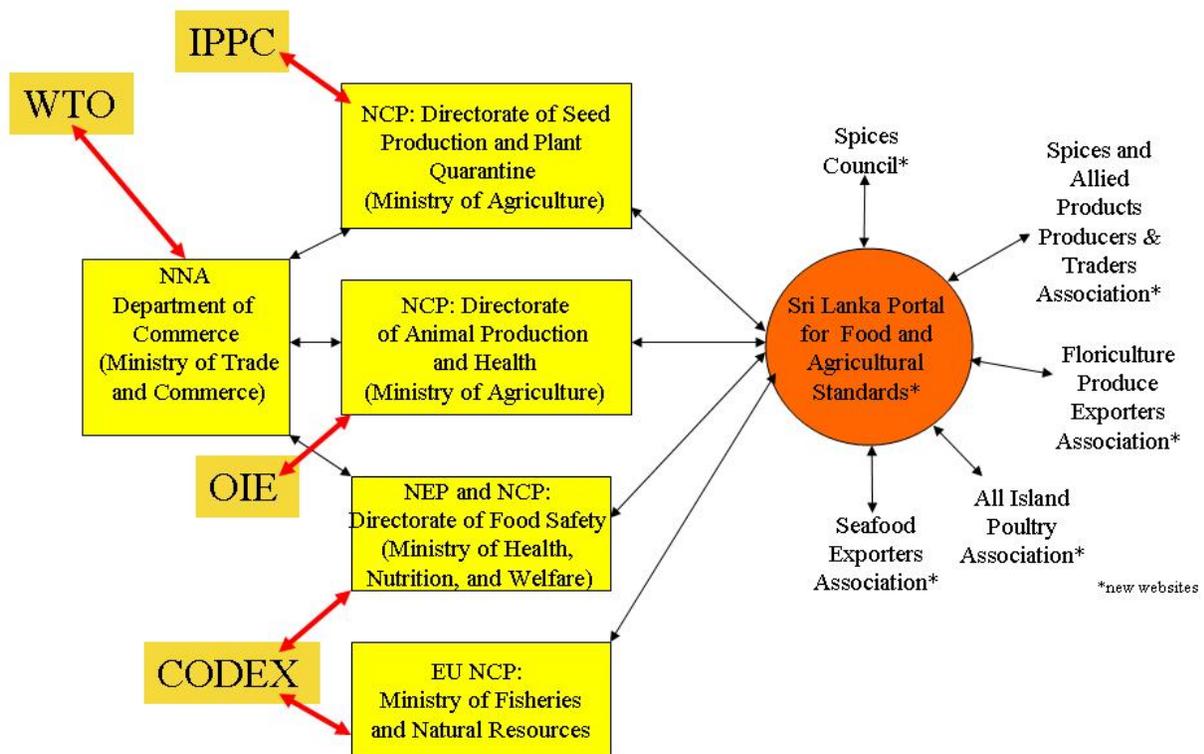
Since much more time was taken under this approach, and both regulatory and private sector leaders participated, it seemed to be more effective.

## B. Revision of the Information System Architecture

After submission of the Phase One report, the conceptual model for national SPS information systems in each country underwent some changes. First, official versus de facto designations as to National Notification Agency, National Enquiry Point, and National Contact Point were clarified as appropriate. Second, the number and name of satellite clusters was modified where necessary to reflect interim progress. These changes were due to various factors: (1) differing levels of interest and “buy-in” expressed by some of the entities originally contemplated as full participants; (2) recognition on all sides of the need to upgrade some of the NEP or NCP websites in order to enable them to do their job better; and (3) funding constraints not yet resolved within the WTO SPS Secretariat and Committee.

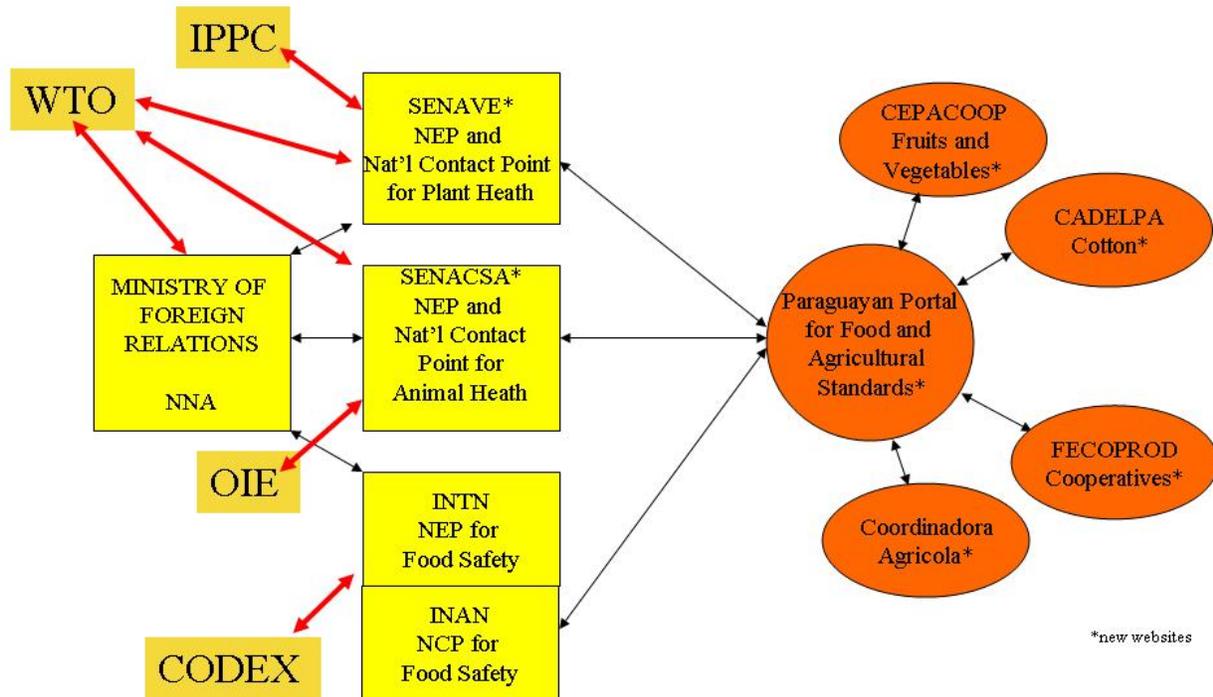
The final information system designs toward which STDF19 worked can be represented pictorially by the two diagrams presented below.

### Sri Lankan SPS Information Network



It was anticipated that once the basic architecture shown here was completed and operational, other Sri Lankan associations would want to get connected. These might include: The Spice Council; Sri Lanka Fruit and Vegetable Producers, Processors, & Exporters Association; National Agribusiness Council; and various associations or councils affiliated with the tea, coconut/coir, and livestock/meat industries.

## Paraguay SPS Information Network



Here again it was anticipated that once the basic architecture was completed and operational, other Paraguayan associations would want to get connected. These might include: *Asociación Rural de Paraguay* for livestock; CAPECO for cereals and oilseeds; CEPAL for processed foods, and possibly *Unión de Gremios de la Producción* for smallholder associations.

As readers may have noticed, there are some differences between the models, which largely derive from differences in the institutional structure of each country. For example, Sri Lanka continues to have some ambiguity of roles in terms of the NNA designation, because although the Department of Foreign Trade in the Ministry of Commerce and Trade is the entity that interacts directly with WTO, the Office of the Director of Environmental and Occupational Health (E&OH) within the Ministry of Health, Nutrition and Welfare has been notified as NNA to WTO. On the other hand, Paraguay also has an ambiguous situation with respect to the NEP for food safety. None has actually been notified to WTO for the food safety area, yet INTN leads the national level Codex committee, and INAN has a more logical role there in a technical sense.

Moreover, both countries have competing associations that overlap in terms of agro-economic scope. Sri Lanka has many more organizations per subsector or value chain than does Paraguay. Paraguay has relatively stronger private sector associations in certain fields, especially livestock and oilseeds (i.e. soybeans). Sri Lanka has more organizations that are still state-run or parastatal.

## **C. Creation of a web-based national SPS portal**

Consistent with the findings of the initial assessment, work proceeded during Phase Two on the design and launch of a web-based national portal for agri-food standards, especially SPS standards. In order to make the portal as compatible as possible with the International Portal on Food Safety, Animal and Plant Health (IPFSAPH), which FAO took the lead in creating with the support of WTO, OIE, IPPC, and Codex, the same basic structure was used. Yet some of the tabs, many of the topics and links, and a large part of the underlying shell for documents had to be changed to better reflect the needs and interests of stakeholders in Paraguay and Sri Lanka.

The basic structure of the two portals was constructed as planned. As an example, the portal for Paraguay can be seen here: [www.upload.com.py/portal](http://www.upload.com.py/portal). While hot links between the country portals and key entities such as WTO itself, the Three Sisters, and the International Portal on Food Safety, Animal and Plant Health are functional, and in that way a user can access any of those key information sources, capacity to automatically download notifications could not be installed during the life of this project because the new SPS Information Management System of the SPS Committee did not become public until October 15, 2007, i.e. after the completion date of STDF 19. Nevertheless, as of this writing the consultants are still working to effect a seamless connection with SPS IMS, and expect the link to be operational very soon.

## **D. Creation of new websites for selected SPS entities and sample associations**

### **1. Paraguay**

Although the initial idea had been to just create new websites for as many as five key agribusiness associations in each country, stakeholders in Paraguay actually felt that two of the key institutions in their SPS system needed new websites. So STDF 19 supported entirely new sites for both SENAVE (plant health NEP and NCP) and INAN (de facto NCP for food safety). Both sites are up and running, and can be visited at: <http://www.senave.gov.py/> and <http://www.inan.gov.py/>.

In addition, STDF 19 supported the design and launch of four more websites for leading associations. These include CADELPA (cotton), FECOPROD (federation of agricultural cooperatives, mostly of smallholders), Coordinadora Agricola (umbrella organization of smallholders, producing multiple plant and animal products), and CEPACOOOP (fruits and vegetables). All four sites were completed and delivered. Three can be seen now on line at: [www.cadelpa.com.py](http://www.cadelpa.com.py), <http://www.coordinadoraagricola.org.py/>, and <http://www.cepacoop.com/>. The fourth, which was originally <http://www.fecoprod.com.py/> has gone off-line, apparently for lack of support from the association.

### **2. Sri Lanka**

As far as Sri Lanka is concerned, because of the tsunami, developments there were somewhat delayed. Five association websites were completed: Sea Food Exporters Association of Sri Lanka; Spice & Allied Products Producers & Exporters Association (SAPPTA); Spice Council; Sri Lanka Floriculture Produce Exporters Association; and All Island Poultry Association.

URLs are <http://srilankaseafood.com>, <http://sappta.com>, <http://www.srilankaspicescouncil.com>, <http://srilankafloricultureproduce.com>, and <http://www.srilankapoultry.com>

#### **E. Targeted training for the gatekeeper staff in the above system**

In the course of site preparation, website developers worked with counterparts in each organization who would be responsible for keeping them running. However, all of the sites for Paraguay were hosted at a remote server located in Texas, because it has redundant capacity and was familiar to the web designer. In the case of the Sri Lankan sites, they were hosted at Godaddy.com, which is one of the leading remote hosting services in the world.

The main developer in Paraguay wrote a simple program for uploading of additional documents and creation or correction of links, but recent contacts with the SPS technical committee from Paraguay in conjunction with March 31<sup>st</sup> workshop on SPS capacity evaluation tools indicate that this is not working as expected. An agreement was made to investigate why and fix the problem. Similar arrangements will have to be made shortly for all the Sri Lankan sites, as a prelude to transfer of control to host associations.

A request was made in 2007 for additional funding from STDF to cover the cost of more training—especially in view of the absence of any funding provisions to cover the dozen websites actually built—but it was declined, apparently pending an evaluation. The consultants recommend that such funding be provided, in order to better ensure sustainability.

#### **F. Capacity-building (i.e. training and technical assistance) for the NNA, some of the NEPs, and selected leading organizations in the private sector**

In the case of Paraguay, a one-day training session on notification procedures for the staff of the NNA and NEPS was carried out in the middle of 2006 by Ing. Aristides Raidan, well-known to the SPS Committee.

Since Sri Lanka's NNA was and remains in flux, without fixed staff, it was never possible to conduct specific training yet, but it would be desirable to do so as soon as possible. Yet here again, since funds originally planned for this were temporarily allocated to development of the portal and websites with the concurrence at the time of the STDF secretariat, additional funding would be needed.

#### **G. Support for the establishment of regular SPS working group meetings**

Several months after STDF 19 began, the NNA, NEPs and NCPs in Paraguay voluntarily decided to form a national SPS technical committee to better interface with this project and others. With the support of IICA, the government passed a decree in late 2005 formally establishing a national coordinating committee. It has been meeting regularly, and now serves as the main counterpart to STDF 19.

Although theoretically a national SPS committee does exist in Sri Lanka, it has not been meeting regularly, apparently for lack of a perceived reason to do so. However, a large \$15 million

World Bank project for Highly Pathogenic Avian Influenza (HPAI) has been signed. Since avian flu inherently cuts across human health and animal agriculture, the advent of this project provides hope and reason for a national SPS committee to formally get established, as well as potential financial support for one.

## **V. Lessons Learned and Issues to Address**

### **A. Conceptual Approach**

1. The model SPS information network conceived under this project, continues to hold promise of substantially improving information flow in all directions, and in facilitating stakeholder awareness and participation. That is because it interconnects a national portal **upstream** with the WTO itself and the three standard-setting organizations, **laterally** with the NNA, NEPs, and NCPs, as well as **downstream** to the websites of leading associations in agriculture

Just prior to submission of this report, the Paraguayan delegation reaffirmed their desire to move the system from the pilot stage to a fully operational stage, even if it requires incremental funding from their government and technical support from IICA. Agreement in principle on how best to proceed was just reached between that delegation and the former lead consultant.

There appears to be donor interest in Sri Lanka as well, to take the pilot to a fully operational state. The consultant will continue to work on that even though the project is technically over.

2. Most officially generated SPS content—and virtually all WTO content—is of consistent interest only to regulators, industry leaders and consultants whose daily jobs depend on it. For that reason, the model information system should best be seen as a “wholesale operation”, not so much a mechanism for “retailing” or pushing huge quantities of SPS related information to individual farmers, or even their representative associations.

3. Nevertheless, to the extent that SPS and WTO content can be bundled with information on dealing with emerging standards as a pre-condition to greater competitiveness, the overall package will have more appeal to private economic actors of all sorts.

4. Content selection, development and incorporation is a continuing task, which cannot be approached passively because it often involved time-sensitive information that is technically complex. The STDF 19 experience suggests that it requires on-going attention by individuals specifically charged with the task. This challenge was not resolved locally during the lifespan of this project, yet should be. Even where there are multiple NEPs, it seems necessary to have one of the NEPs take responsibility for managing the content.

5. Conversion of a web-based system from a simple repository of information to a vibrant two-way communications system, and eventually a virtual network that interconnects all stakeholders, will take more time and promotional effort than originally anticipated. It will require upgrades in each country that exceeded the resources available under STDF 19. Follow-on STDF grants to lead entities in each country where such a system is to operate may be

required.

6. Since some NNAs and some NEPs are more capable than others, a different level and mix of trade capacity building assistance is required for each country. The assistance must be customized.

7. Since the TCB needs of some NEPs exceed the resources available under projects like STDF 19, an additional effort should be made by WTO or the government to arouse interest among other donors—especially the EU, or else regional development banks or bilateral donors such as USAID—and to leverage their funds.

## **B. Practical Challenges**

1. Design and population of a national SPS portal has proven to be a major effort, for which no funding was allocated in the original STDF 19 budget. To replace funds reallocated from other areas, especially follow-up training and technical assistance, a modest amount of additional funding was requested.

2. The same applied to funding for the 10 representative websites, of which 2 were for NEPs and 8 for private associations. Although an amendment was requested, it was declined by the STDF working group, which meant that training funds had to be sacrificed instead.

3. The STDF 19 consultants discovered that dealing more effectively with SPS notifications and other documents requires not just better information handling in country, but also better sorting within the SPS secretariat. Otherwise each member country would have to develop its own database and information retrieval system, which is prohibitively expensive. Happily, the SPS IMS made public in October of 2007 goes 95% of the way toward solving the challenges of pre-sorting and pre-filtering before the information is downloaded straight into a national level SPS portal and/or to the various NNAs, NEPs and contact points. The last 5% is a technical problem associated with the sequential way in which customized reports must be specified, which interferes with robotic retrieval, but the consulting firm engaged for STDF 19 has committed to working out that problem in the next week or two.

## **C. Achieving Sustainability**

### **1. Public versus Private Responsibility**

Since SPS matters encompass public, private and mixed goods, it follows that responsibility for them should also be mixed. Certainly the proper and legal role of national government in dealing with WTO, the Three Sisters, and other governments should be respected, along with the responsibility of government to protect human welfare and the environment. Yet the role of the private sector in appropriately shaping and then complying with SPS standards must also be respected. It is important to achieve a balance between public and private roles and responsibilities.

### **2. Hosting services**

While continued physical operation of the STDF-19 created sites was ensured for all of 2007 and in some cases part of 2008 via forward payment of web hosting services, the sponsoring organizations will need to take over this modest financial responsibility some time this year. That is not likely to be a major problem, as the hosting on remote servers costs no more than \$250 per year, often much less.

### **3. Maintenance of content**

Although the procedure for updating content and linkages has been made fairly simple, decisions as to what to change require higher level knowledge of the SPS field than many client entities have available. That is especially true for associations, whose staff is not always as attuned to SPS issues as they should and could be. Yet not even all NEPs and NCPs have the capacity or resources necessary to handle the whole gamut of SPS issues.

### **4. Charging for Data or Use**

Precisely because SPS has a public goods character in most cases, and because it is so important, it is very difficult and probably not appropriate to charge for it. Therefore any system has to be supported financially either by the government, by the private sector associations, by donors and/or by advertising revenue that seeks to take advantage of web-based traffic.

### **5. Who needs it?**

Basic to resolving the question of sustainability is stimulation of effective demand on the part of intended beneficiaries and users in both the public and private sector.

In the case of Paraguay, both SENAIVE and INAN have already concluded that the need for institutional sites is real, and have demonstrated that conviction by assigning staff and resources to their websites.

It is too early to say for sure in the case of all the associations, but early indications suggest that they are willing to continue to feed information into the sites because they see them as a valuable service to members.

In sum, sponsorship and upkeep of the national portals is probably the greatest challenge for the approach taken under STDF-19. The main options include: (1) seeking governmental funding or co-funding; (2) convincing a leading private sector chamber, federation, or development foundation to take it over; (3) combining it with advertising revenue.