



Developing a Sanitary and Phytosanitary Action Plan for Cambodia



List of Abbreviations

AFTA: ASEAN Free Trade Agreement

ASEAN: Association of South East Asian Nations

BRC: British Retail Consortium

DALYs: Disability Adjusted Life Years

DTIS: Diagnostic Trade Integration Study

FAO: Food and Agriculture Organization of the United Nations

GHP: Good Hygiene Practices

GMP: Good Manufacturing Practices

GMS: Greater Mekong Sub-Region

HPAI: Highly Pathogenic Avian Influenza

IPPC: International Plant Protection Convention

OIE: World Organization for Animal Health

STDF: Standard and Trade Development Facility

WTO: World Trade Organization



Draft TOR for developing a Sanitary and Phytosanitary Action Plan for Cambodia

The context

Past agricultural trade negotiations have led to the greater liberalization of trade – by reducing countries’ protection levels and restricting domestic agricultural support programs – thereby expanding export opportunities. However, a consequence of more integrated agricultural and food markets is the imposition of requirements to ensure the quality and safety of the traded products.

Sanitary and phytosanitary (SPS) measures are meant to protect human, animal or plant life or health. The recent outbreaks of food-borne diseases and food scandals have added pressure to the demand for greater regulations and the stricter enforcement thereof. This concern for food safety applies mainly to traded agricultural and food and non-food products but in an increasing number of countries also to domestically-produced products and the stringent standards required for internationally traded products are increasingly extended to apply to domestic market segments and production processes. This heightened demand for safe and quality agricultural and food products is also reflected by the proliferation of private sector product and process requirements. The requirement for HACCP-based (Hazard Analysis and Critical Control Points) systems is becoming a common feature for public food-safety regulations in OECD countries.

Market access for plant and animal products has increasingly become subject to risk assessment by the importing countries. In order to do risk assessment the exporting country has to provide data on the pest and disease situation. If it is not able to provide reliable data it may face more constraints than necessary. If the country has no capacity to assess the decisions of the importing countries, it may also fail to challenge unjustified market access constraints.

Developing countries often do not have financial means, human resources and technical skills and infrastructure to comply with these quality and safety requirements. This inability to conform restricts the market access opened up by trade liberalization. In most cases, adopting these safety procedures and practices entail significant up-front costs that can eventually cancel out the competitive edge that developing countries usually have with the low labor costs, seasonality, and niche products.

Thus, to maintain the competitiveness and to continue to benefit from these export opportunities, developing countries need technical assistance to build up the necessary framework and/or infrastructure to adopt and enforce safety and quality regulations.



However, assessing needs and priorities for SPS capacity building can be complex. There are many needs of different weights and sequences, and overall effectiveness of efforts requires analysis and planning for preparing a national strategy for SPS capacity building.

Cambodia has limited human, financial and technical resources, and it faces many pressures to upgrade its SPS management capacity. It is WTO member, but it still faces difficulties in its compliance with membership requirements. As a member of ASEAN and GMS it has to narrow its capacity gaps with more developed members and neighbors, especially Thailand, Vietnam and China. The support it has received for SPS capacity building has been relatively small, in part because of the complex institutional roles of agencies involved. Unlike Lao PDR and Vietnam, the many needs of Cambodia for capacity building have so far not been brought together in a comprehensive SPS capacity building strategy and action plan. The Diagnostic Trade Integration Study of 2007 touched upon SPS but with far less resources than were available for the SPS Action Plans of Lao PDR and Vietnam.

The SPS Strategy and Action Plan

This TOR provides the framework for preparing such an SPS Action Plan for Cambodia. The output of the study is a 60 page draft strategy document with Action Plan supported by annexes that will be submitted to the Government and other stakeholders. The study will bring together information on agro-food trade, food safety, plant and animal health, compliance issues, and capacities. It will discuss policy options and propose priorities for public sector policies, regulatory and institutional adjustments, and public and private investments for managing sanitary and phytosanitary measures. The scope of work, sources and organization of the study are detailed in Annex I.

Capacity building and ownership

The preparation of the strategy will be carried out in a participatory process with in-depth consultations of all public and private sector stakeholders individually and through three consultative workshops. In particular, attention will be given to improve the complex institutional situation. The aim of the consultations is twofold: it is capacity building in itself while creating ownership.

Methodology

The strategy will be based on rigorous stock taking by a specialist team, including relevant expertise in institutional economics, food safety, veterinary and phytosanitary fields. The specialist team will make use of available technical evaluations made by FAO, IPPC, and OIE and other sources for assessing capacities. It will interview public and private stakeholders and its report will discuss all main SPS issues brought up by stakeholders.



Limitations

The project will not cover biotechnology and biodiversity. The project will only cover domestic food safety, animal health and plant health issues that are related to trade. Since there is a program for HPAI with its own finance and decision making mechanisms, limited attention will be given to HPAI, though the project will take into account the possible broader use of the capacities created in the areas of animal health.

Project Organization

Upon approval by the Government of Cambodia, represented by the Ministries of Commerce; Agriculture, Forestry and Fisheries; Health; and Industry, Mines and Energy, a high level guidance group will be formed, with contact points for each of the ministries and a general coordinator.

- STDF will, in consultation with the donor and international agencies in Phnom Penh who are involved in SPS capacity building, appoint an international organization with local presence as the facilitator for the study. See Annex 1 for details.

Budget

The estimated cost for the project is US\$ 252,000. Details are provided in Annex 2. The study will be funded by STDF.

The Government will be responsible for the expenses of the Guidance group, the contact points and the general coordinator.

Time schedule

The project will start in July 2008 and be finished within 12 months after start.



ANNEX 1 Scope of work, sources and organization of the study

I The policy and enabling environment for the agro-food sector

This section will provide, on the basis of available documents, a brief description of the policy environment, covering issues such as trade policies (tariffs and non-tariff barriers) for the main agricultural food and non food products, and the investment climate for the agro-food sector. Special attention will be given to Cambodia in ASEAN and GMS context.

II Trade related food safety and agricultural health analysis

1. Stock taking and assessment

- **A description of exports and imports** of agricultural and food products relevant to managing SPS standards, including:
 - Trends in the structure of the farming, fishing, processing and retailing sectors relevant for SPS compliance.
 - Trends in agro-food exports – value and destination countries, and product-market combinations which deserve specific attention, particularly for high risk SPS agro-based products;
 - Trends in agro-food imports – value and supplier countries.
- **A description of the domestic food safety, animal health and plant pest situation** in Cambodia, including
 - Key indicators of domestic food safety outcomes, such as monitoring data on incidence of food (and water) borne diseases, DALYs, food safety parameters, etc.;
 - A description of the plant and animal pest and disease situation, and gaps in information thereof, affecting trade;
 - A summary of main food safety and agricultural health trade related incidents and an assessment of public sector responses
- **A description of public sector sanitary and phytosanitary capacities**, including
 - An assessment of institutional framework, institutional arrangements including public and private responsibilities;
 - Description of the existing legislation and regulations, formal alignment of roles and responsibilities (highlighting overlap of limited resources);
 - Description of monitoring and surveillance programs for food safety, plant health and animal health;



- Description of diagnostic capacities:
 - Public and private testing capabilities;
 - Skills of staff and personnel;
 - Budgets, non salary / salary operating cost ratios;
 - Quality management, certification, accreditation
 - Inspection programs and certification services
 - Description of the involvement of the private sector and civil society in
 - Policy dialogue
 - SPS management functions mandated to the private sector
 - Emergency response, crisis management capabilities;
 - National standards elaboration, equivalence and international standards implemented
 - Factors contributing to limited government facilitation in SPS management capacity
- A description a **private sector capacities** for SPS compliance;
 - Competitiveness in low, medium and high demanding market segments;
 - Application of quality and food safety control systems being implemented (GMP, GHP, HACCP, BRC standards, ISO standards)
 - A review of private sector SPS measures and standards interpretation and awareness
 - A description of **international obligations and participation**
 - WTO membership, including National Notification Body and Enquiry Point establishment and implementation;
 - Existing and future bilateral and multilateral trade agreements, especially ASEAN (AFTA) China-ASEAN, EU-ASEAN, GMS;
 - Participation in the standard setting bodies; and
 - Engagement in multilateral and bilateral dialogue on SPS issues
 - An assessment of **SPS support received** from donor and international agencies for
 - Capacity building
 - Needs assessments
 - Lessons learned
 - Future projects
 - **Compliance and challenge**
 - An assessment of compliance and non-compliance of Cambodia's main products in export markets, including inability to export, with the emphasis on the cost, benefits and social impact of compliance/non



compliance;

- An assessment of risk to public health, animal health and plant health related to imports of food and agricultural products, with special attention of risks related to weak SPS management;
- An overview of market access risks related to weak SPS management; and
- An assessment of regional and global trade potentials of products for which the country has a comparative advantage, and related SPS requirements for realizing the trade potentials.

2. Priorities

- Identification of priority products that need strengthening of SPS management, highlighting high risk SPS agro-based products and products where import substitution is feasible;
- Identification of priority fields of SPS management capacities that need strengthening;
- Possible re-alignments of institutional responsibilities, including public and private cooperation and involvement of stakeholders;
- Legal and regulatory framework;
- Application of practical risk-based assessment and management;
- Application of international standards and national standards equivalence and harmonization;
- Monitoring and surveillance;
- Inspection;
- Diagnosis;
- An assessment of sector and intra-sector priorities for strengthening SPS management capacities based on policy imperatives and cost-benefit analysis;
- Support to the private sector in achieving international compliance
- Gaining mutual recognition in conformity assessment, surveillance, laboratory analysis etc.

3. An action plan

- Prioritizing and sequencing;
- Public and private responsibilities;
- Justification, recommended actions and their estimated costs (investments and operating expenditure)
- Overall costs and benefits (outputs) of the plan
- Funding sources
- Risks



4. Review

- The draft report will be undergo independent peer review.

III. Sources and methods

The Action plan will be based on:

- Primary statistics;
- Available needs assessments and diagnostic tools (DTIS, Codex, IPPC, OIE, project documents, STDF studies);
- Interviews with public and private sector stakeholders, donor and international agency staff, independent specialists;
- Selective data gathering for filling information gaps; and
- Three consultative meetings.

IV. Organization of the report

Executive summary (7 pages)

1. Introduction (3 pages)
2. SPS, food safety and agricultural health (10 pages)
3. Capacity for SPS management (20 pages)
4. Recommended Action Plan (20 pages)

Annexes (40 pages)

V. Organization of the study

- STDF will be sponsoring the study and the contracting agency;
- The TOR of the study will need approval by Government of Cambodia, especially the Ministries of Commerce; Agriculture, Forestry and Fisheries; Health; and Industry, Mines and Energy;
- Upon approval of the study the Government will appoint:
 - a high level guiding committee consisting of representatives of the four Ministries (this role could be played by the National Codex Committee);
 - focal points in each Ministry;
 - a general coordinator for the study on the Government side
- STDF will, in consultation with the donor and international agencies in Phnom Penh who are involved in SPS capacity building, appoint an international



organization with local presence as the facilitator for the study; the facilitator will:

- maintain the formal contacts with Government where relevant;
- provide advice and institutional support to the contractors / consultants in contacts with Government when needed; and
- jointly, with the general coordinator on the Government side, host and organize the consultative workshops.



VI. Time Schedule

Activity	Tentative dates*
Start	July 08
Preparatory work	July 08
Field work	July – August 08
Drafting starting document	August 08
Presenting starting document in first consultative workshop#	September 08
Additional field work	October – December 08
Drafting report	December 08 – January 09
Presenting first draft in second consultative workshop#	February 09
Peer review	April 09
Preparing final draft	March – April 09
Presenting final draft in third consultative workshop#	April 09
Finalizing report	April – May 09
Publishing and dissemination	June 09

* schedule depends on starting date and logistics

logistics and invitations for the consultative workshops will be the responsibility of Government coordinator and facilitator; the contractor / consultant is responsible for the contents of the workshop



Annex 2 Budget for the SPS Action Plan Cambodia

	days/items	rate	total \$US
team leader -- senior SPS specialist	80	600	48,000
trade / SPS economist(s)	50	400	20,000
technical specialists			
legal	25	600	15,000
laboratories, plant, animal, food safety, processing (can partly be combined)	100	600	60,000
interpreters, local consultants, translators	40	100	4000
travel			
missions	7	10,000	70,000
local travel			5000
consultative meetings	3	3000	9000
reporting dissemination			3000
miscellaneous, including peer review			18,000
Total			252000