

PREPARATION GRANT APPLICATION FORM

1. Prospective project title:

Expanding Nigeria's High-value Food Exports through Enhanced SPS Capacity

2. Requesting government/agency or private body:

National Agency for Food and Drug Administration and Control

3. Collaborating government(s)/agency:

Standards Organization of Nigeria, Federal Ministry of Agriculture and Rural Development, Federal Ministry of Health and Federal Ministry of Commerce.

4. Project Objectives: Describe the objectives of the proposed project in general terms. Attach description of project background and rationale.

The overall goal of the project will be to improve Nigeria's ability to export high-value food products by significantly enhancing our capabilities in the area of SPS measures. This goal will be attained by focusing on two general objectives.

The first objective will be the enhancement of human and institutional capacity. It will include training for key mid-level and senior government officials on the SPS Agreement, the workings of the WTO SPS Committee, and the practice of working bilaterally with other WTO members on SPS issues. There will also be a focus on developing closer working-level relationships with the international standards-setting organizations. In addition, efforts will be made to strengthen SPS linkages on a regional basis, especially through the Economic Community of West African States (ECOWAS), and to make better use of the U.S.-funded West Africa Trade Hub.

Internally, there will be involvement of all stakeholders and a rationalization of the responsibilities and information flow among all of Nigeria's SPS-related government agencies. Furthermore, more institutional structure will be provided to improve the communication on SPS issues between the government and the Nigerian agricultural and food sector. There would be training of food inspectors to develop their skills and expertise in HACCP and other food safety management systems required at all stages of production all along the entire food chain from farm to table. The focus would be on the level of quality necessary for exportation of food and enhancement of international trade. There would be training on Good Agricultural Practices (GAP) at the farm level and food industry workers would be sensitized on the need for a traceability system which is an EU requirement since the EU is a major trading partner. The government will also conduct an

outreach program to educate interested parties in the Nigerian private sector about SPS export requirements.

The second objective will also be capacity building, but carried out on a much more specific and targeted basis. This effort will begin with a thorough assessment of Nigeria's SPS needs based primarily on the goal of maintaining and expanding markets for our exports of high-value food products. Relying on an estimation of the export benefits to be gained through an enhanced capability to address and overcome SPS trade barriers, decisions will be made about allocating project funds. With these export, and often product-specific, priorities in mind, funds would be targeted to certain segments of the following areas:

- A) Updating SPS-related legislation to reflect the official and commercial requirements of the current international trading regime;
- B) Seeking specific technical training from competent experts, especially through the Codex Alimentarius Commission (CAC), the World Organisation for Animal Health (OIE), and the International Plant Protection Convention (IPPC);
- C) Developing or modernizing data bases, e.g., for SPS pest and disease prevalence or surveillance systems.

5. Preparation Activities: Describe the means by which the project proposal is to be prepared e.g. in-house activity, consultant study, etc.

The Nigerian Government will contract with an outside consultant for assistance in preparing the project proposal.

6. Private/public sector co-operation: Detail the role, if any, that will be played by the private sector in the preparation of the project.

The Nigerian Government will seek input from private sector exporter and producer interests for the preparation of the project proposal.

7. Partner Institutions involved: If appropriate, identify STDF partner institutions who will be involved and describe the nature of that involvement.

The WTO Secretariat will be asked to contribute its expertise to the training of Nigerian officials on the SPS Agreement and the SPS Committee. Depending on the analysis of Nigerian high-value food exports in terms of the most important SPS trade barriers and the products with the greatest potential gains, the CAC, the OIE, and the FAO for the IPPC may all be asked to provide some level of technical expertise.

8. Preparation Project Inputs: Specify total cost of preparing project proposal (maximum US\$20,000). Attach breakdown of proposed uses of preparation grant funds.

The total cost of preparing the project proposal will be US\$20,000. This amount will be used to contract with an outside consultant for assistance in developing the proposal.

9. Non-STDF Contributions: If appropriate, specify any financial contributions expected from sources other than STDF.

No other financial contributions are expected at this time.

10. Timetable: Show proposed commencement and conclusion dates (maximum duration of preparation phase six months?)

The proposed commencement date is the date we are notified of a positive decision from the March 8 STDF Working Group meeting, and the proposed completion date for the project proposal is May 12, 2007.

Attachment: Description of Project Background and Rationale

The food export sector in Nigeria is relatively undeveloped considering the size and resourcefulness of its people. The sector had not received enough attention to enable agriculture and agribusinesses compete internationally until recently when the government began the diversification of the economy through non-oil exports. The Nigerian Government finds itself in a very difficult situation on the matter of Nigerian high-value food exports. We are caught between domestic expectations for export expansion and the realities of the challenges of international trade. It has been a national goal to diversify our oil-dependent economy, in which almost all foreign exchange is earned through exports of energy. In the area of food exports, where significant potential is seen in sectors such as seafood and fruits and vegetables, we believe that the greatest impediments to our progress are SPS barriers. The WTO Agreement for fresh foods and commodities requires Pest Risk Analysis (PRA) hence the US, for instance, asks for PRA relevant to the product for export which must satisfy the United States Department of Agriculture (USDA) and Animal and Plant Health Inspection Service (APHIS) requirements. There has to be data collection, account of detailed mitigation measures in place for pests that may threaten US agriculture and submission to the information to APHIS for consideration. The impediments are particularly true for our developed country markets, and also apply to some extent to our trade with other developing countries as well.

This situation is especially frustrating because of international commitments that seemed to offer substantial assistance and improvement. The WTO SPS Agreement has several provisions on technical assistance to developing countries. However, we have found that the implementation of these provisions so far, has been weak and without much practical

value. The “Everything but Arms” initiative of the European Union and the African Growth and Opportunity Act of the United States had both created high expectations for Nigerian food exporters. Much frustration has resulted, however, as these exporters have found their access to these lucrative markets blocked, often by SPS barriers. To make the situation worse, it is perceived in Nigeria, rightly or not, that other countries often impose SPS barriers for protectionist, rather than scientific, reasons. On the other hand, it would be a mistake for Nigeria to believe that all of its SPS-related problems are due to outside factors. A lack of understanding of trading partner’s requirements by exporters, poor quality products and poor reputation are also contributory factors to trade barriers to Nigerian exports.

Despite some recent progress, such as finally forming a national SPS Committee, in general the Nigerian Government has not been well-organized in the SPS area. There has been a lack of coordination among our relevant ministries and agencies regarding some of the key SPS functions. Also, the Nigerian Government has not adequately communicated with our private sector regarding international requirements and the need to upgrade Nigeria’s SPS capabilities.

In addition, it could be said that Nigeria has provided insufficient training for its key SPS officials and that the institutional focus on SPS issues has been much too weak. For a country like Nigeria, however, this is a question of the allocation of very scarce resources. And this is why an STDF project to address these shortcomings would be of such tremendous value to Nigeria. Some of the activities proposed in this application may seem to be elementary, but that is what we need at this point. In the SPS area, Nigeria needs to start with basic information, an understanding of the international context, and an identification of our export-related SPS priorities. This would allow Nigeria to begin to realize our considerable potential to expand the exports of high-value food products.

Although we believe that the STDF project should be clearly focused on the objectives stated in the application, we are also firmly of the view that upgrading our SPS capabilities for the export sector can lead to significant improvements domestically in our human, animal and plant health sectors. We hope to have the information transfer and training capabilities to ensure that the benefits from this project are eventually shared by our broader society.