

TERMS OF REFERENCE

STRENGTHENING THE LAO PEOPLES' DEMOCRATIC REPUBLIC NATIONAL SANITARY AND PHYTOSANITARY CAPACITY TO GAIN AND MAINTAIN MARKET ACCESS FOR FRESH FRUIT AND VEGETABLE PRODUCE TO THE EU AND OTHER POTENTIAL MARKETS (STDF/PPG/548)

1 BACKGROUND

1.1. Agriculture accounts for close to 30% of the GDP and remains the main source of income and livelihood in Lao Peoples Democratic Republic (Lao PDR)¹. Agriculture has high growth potential and the sector has witnessed growth over the past decade. Nevertheless, various food safety and agricultural health issues act as a brake on agri-production and market access.

1.2. The Government of Lao PDR has in recent years moved towards a self-sufficient economy to a market-oriented economy and decreed an Agriculture Development Strategy (2025-2030) that places agriculture and forestry as the basis for industrialization. This Strategy has been designed to meet the country's needs for safe food supply, commercial production, reducing reliance on natural resources and overall contribution towards the National Growth and Poverty Eradication Strategy (NGPES).

1.3. As a landlocked Least Developed Country (LDC), Lao PDR faces many fundamental challenges. Among these issues, Sanitary and Phytosanitary (SPS) issues rank high in priority². The recent accession to the World Trade Organization (WTO) in 2013 also served as a catalyst for various interventions in the SPS area. Improved SPS capacity can greatly contribute to trade and development.³ However, till date Lao PDR lacks a fully functioning SPS management system. It has insufficient ability to assess the situation on plant pests. The various components of the phytosanitary system – regulatory and institutional frameworks, standards, diagnostic capacity, surveillance and inspection and quarantine- have major gaps and are not sufficiently connected. This forms a threat to sustainable growth of exports. While significant potential exists to promote production of high-value horticultural products and export-oriented agriculture, there are serious constraints. For instance, Lao PDR's 2012 Diagnostic Trade Integration Study (DTIS) Update identified several key weaknesses in the SPS system hampering safe and smooth trade in agri-products. These weaknesses include: (i) insufficient capacity to provide information about the plant and animal pest/disease situation requested by trading partners; (ii) limited capacity to conduct conformity assessment on safety and quality of exported products; and (iii) insufficient capacity among producers and exporters to adopt preventive measures such as Good Agricultural Practice (GAP), Good Hygiene Practices (GHP) and Good Manufacturing Practices (GMP).

1.4. Government staff, farmers and other relevant stakeholders lack adequate capacity to support compliance with phytosanitary standards in Lao PDR's agriculture sector. Specifically, quarantine and border inspectors lack adequate capacity to fully implement the provisions of International Standards for Phytosanitary Measures (ISPMs) to facilitate market access. In addition, there are several other multi-faceted challenges which negatively impact the competitiveness of horticultural exports from Lao PDR, in particular to the European Union (EU). Since 2012, vegetable exports to the EU have been characterized by a growing number of interceptions (and rejections) on account of presence of harmful plants pests and diseases, resulting in high rejection rates. Low quality of plant products, which are not compliant with EU import requirements on account of infestation of insect pests like *thrips palmi* and *tephritidae* etc., are widely prevalent.

1.5. Between 2014 and 2015, 78 notifications of non-compliance were recorded. From January to May 2016, 88 notifications of interceptions of harmful pest organisms and 30 other non-compliance issues were received. An analysis of the notifications reveals that over 60 per cent relate to pest and disease violations; whereas others mainly include non-compliant phytosanitary

¹ In 2010, the sector contributed to an estimated 25.5 percent of GDP and absorbed an estimated 75 percent of the total workforce. Detailed information available at: <http://www.fao.org/laos/fao-in-laos/laos-at-a-glance/en/>

² See Integrated Framework (IF) Diagnostic Trade Integration Study (DTIS) 2006 and 2012.

³ The Asian Development Bank estimates that the benefits of increased SPS capacity in Lao PDR may be as significant as US\$10 million per year.

certificates (and a gradual increase in microbial and pesticide contamination issues). Before addressing these recurring non-compliance issues threatening Lao's exports it is important to analyse the underlying challenges and capacity building needs.

2 OBJECTIVES OF THE PPG

2.1. This Project Preparation Grant (PPG), requested by the Department of Agriculture (DoA), Ministry of Agriculture and Forestry and approved by the STDF Working Group in October 2016, responds to the above-mentioned needs. It will be used to:

- a. Take stock of ongoing and planned projects supporting the SPS sector (with a particular focus on the fresh fruit and vegetables sector), and identify critical SPS capacity building needs, gaps and possible synergies with other ongoing/planned activities;
- b. Undertake fieldwork to analyse constraints faced by the fruits and vegetable sector in terms of compliance with SPS requirements of importing countries (including the EU) related to the detection of quarantine pests, microbial and pesticide contamination, and explore options to overcome these to enhance market access;
- c. Conduct a workshop to discuss and confirm the priorities identified during fieldwork and develop a focused project proposal (for validation by all national public and private sector stakeholders) to address weaknesses in Lao PDR's existing SPS system with aim to strengthen and augment the export of fresh fruit and vegetable products to the EU and other potential markets; and
- d. Conduct consultation at national level on the future implementation modalities of the resultant project.

3 ROLE AND RESPONSIBILITY OF THE BENEFICIARY

3.1. The Department of Agriculture, Ministry of Agriculture and Forestry, will designate a contact person who will be responsible to schedule the field missions and a project validation workshop. For the field mission, the DoA project contact person will identify key stakeholders and arrange to visit sites and meet any other stakeholders as the international consultant requires. The DoA contact person will ensure that all the relevant stakeholders are informed and invited to any meeting or workshop being organized, prepare the necessary documentation for the meetings, and arrange for its timely circulation to participants. In addition, the DoA project contact person will seek letters of support from the relevant line ministries and private sector stakeholders and association. This task will be undertaken in close collaboration with the international consultant.

4 INDICATIVE TASKS OF THE CONSULTANT:

4.1. Under the overall supervision of the STDF Secretariat, and in close collaboration with the DoA and other relevant stakeholders, the international consultant will:

- a. Identify and review key relevant documents and studies focused on SPS capacity in Lao PDR and market access/trade including review of the current pest list of recommended vegetables for export and usage of the relevant ISPMs and Codex standards (and oversee translation of these standards into Lao language);
- b. Develop forms/questionnaires for interview and field data collection, and lead interview and field work to examine strengths and weaknesses of the current inspection, food hygiene and pest management system for fruits and vegetables along the production and supply chain and review existing needs assessments (including the results of the IPPC Phytosanitary Capacity Evaluation tool which was applied in Lao PDR);
- c. Investigate and analyse import/market requirements, key SPS issues and challenges faced in Lao PDR in order to understand where possible solutions/interventions to strengthen sanitary and phytosanitary capacity can make a difference and add value. This analysis should provide accurate and up-to-date information on what is currently known about the magnitude and extent of key problems facing the horticultural sector. It

should also examine specific SPS-related requirements in current and potential export markets, and capacity of relevant stakeholders in Lao PDR to meet these requirements.

- d. Conduct broad consultations with key stakeholders (inception workshop) in Lao PDR in order to incorporate their views, experiences and insights into the PPG where appropriate, to ensure that the resulting project is fully aligned with national development priorities, and to enhance ownership for the resulting project. In particular the following national stakeholders should be consulted:
 - i. Government agencies involved in agricultural development and trade and implementation of SPS controls. These include *inter alia*, Lao National Chamber of Commerce and Industry, Plant Quarantine Division, Clean Development Centre (CADC), Lao PDR SPS Enquiry Point (Ministry of Agriculture and Forestry), Department of Food and Drug (Ministry of Public Health), local agricultural sectors, plant quarantine border check points; and
 - ii. The private sector including farmers, producers, collector or handlers, packing house, exporters, entomologists, postharvest technology plant protection, quarantine and food safety specialists from academic and research institutes.
- e. Hold in-depth discussions with key representatives of relevant past/ongoing/planned projects and programmes focused on SPS capacity building, to take stock of and understand the SPS-related capacity building components/elements included in these programmes/projects, as well as any key SPS issues, challenges, experiences or lessons learned/identified under these projects programmes: These include, but not are limited to, the following:
 - i. The Asian Development Bank (ADB) funded Project entitled "Enhancing Capacity of Sanitary and Phytosanitary Arrangements to Facilitate Trade in the Greater Mekong Sub region"⁴;
 - ii. The Republic of Korea's program to support capacity development in implementation of plant pest surveillance and information management in Southeast Asian countries;
 - iii. The STDF funded project (STDF/PG/432) entitled "Strengthening pest surveillance and reporting in Asia-Pacific".⁵ This project aims to develop a regionally harmonised pest information framework. A series of case studies, including surveillance to support market access proposals and assist early detection of high priority quarantine pests, will be used to demonstrate that such a regional framework can enable more cost-effective collection of pest records, more robust management of pest data, and more credible and timely reporting of pest status;
 - iv. Regional program financed by Swedish International Development Cooperation Agency (SIDA) entitled "FAO Regional Pesticide Risk Reduction Programme".⁶ This project aims to enhance management and increase sustainable use of agricultural, industrial and consumer chemical, reduce risk from chemical to human health and environment, encourage sustainable agricultural production and improve resilience to climate change;
 - v. Lao PDR Trade Facilitation capacity (TDF), with a component on Technical assistance for the further strengthening of SPS legislation in Lao PDR (TDF2-LEG2)⁷; and
 - vi. STDF Project Preparation Grant (STDF/PPG/234) entitled "Design of a Good Agricultural Practice scheme in Lao PDR".⁸
- f. Identify opportunities for linkages and synergies with relevant ongoing/planned projects and programmes in order to improve SPS capacity to strengthen exports of fresh fruits and vegetables.

⁴ See: <https://www.adb.org/projects/46256-001/main#project-pds>

⁵ See: <http://www.standardsfacility.org/PG-432>

⁶ see: <http://www.vegetableipmasia.org/countries/view/laos>

⁷ see: <http://projects.worldbank.org/P106165/laos-pdr-trade-development-facility-project?lang=en>

⁸ see: <http://www.standardsfacility.org/PPG-234>

- g. Consult key existing and/or potential trading partners (including the EU, China) during the implementation of the PPG to identify possible interventions that could be funded through bilateral support.
- h. Consult with technical partners (notably IPPC Secretariat, the International Trade Centre, CABI Southeast Asian Regional Centre, FAO National program on integrated pest management) for input and advice on project formulation and implementation.
- i. Actively consult international organizations, development partners and donors with an interest in development and trade in Lao PDR (including the Enhanced Integrated Framework, ADB, World Bank etc.) to explore opportunities to leverage funds to implement all or part of the project to be developed through this PPG. Based on the outcomes of these discussions, and the likelihood to secure donor-funding, the project proposal produced may be written in the format/template of one of these potential donors (rather than the STDF project template), after consultation with the STDF Secretariat.
- j. On the basis of the aforementioned discussions and information obtained, consider the most feasible, cost-effective and sustainable approach to strengthen SPS capacity, with a focus on fresh fruits and vegetables sector.
- k. Formulate a project proposal to address SPS challenges/issues and promote trade in from Lao PDR. The proposal should:
 - i. Clearly identify the specific causes of the different SPS -related challenges facing the fruits and vegetables value chains, and consider the feasibility of various approaches or solutions to address the problems faced (e.g. rolling out training on GAPs);
 - ii. Clearly identify and map out linkages, synergies and complementarities to related activities and projects, supported by the government, donors and development partners in Lao PDR;
 - iii. Take account of, and build on, what has worked in SPS capacity building interventions in Lao PDR, and learn from other relevant experiences;
 - iv. Clearly elaborate the purpose, expected outcomes, outputs and activities of the proposed project, based on a coherent logical framework. The logical framework should include indicators to measure performance, sources of verification and any key assumptions;
 - v. Clearly identify the roles and responsibilities of all concerned public and private stakeholders, and outline a practical mechanism for project implementation and management;
 - vi. Include a detailed estimate of the budget required to implement the proposed project and, where possible, identify possible donors and/or private sector investors;
 - vii. Consider cross-cutting issues related to gender and environmental aspects affecting the fresh fruits and vegetable sector;
 - viii. Include a detailed work plan and timetable for project implementation;
 - ix. Identify and assess the possible risks and challenges faced in the proposed project, as well as risk mitigation strategies to ensure its success and sustainability;
 - x. Should be in the format required by the donor identified as a potential source of funding. If no donor was identified for the resulting project, the proposal should be submitted in the STDF format (available at: http://www.standardsfacility.org/sites/default/files/PGApplicationForm_en.doc);

- l. Facilitate the workshop and lead discussion of the draft project proposal for strengthening SPS capacity, with a focus on the fresh fruits and vegetables sector, with relevant public and private sector stakeholders in Lao PDR, including the Ministry of Agriculture and Forestry, as well as concerned development partners / donors. On the basis of comments and suggestions received, revise the proposal as necessary.
- m. Present the draft project proposal to relevant stakeholders (public sector authorities, private sector, development partners, etc.) and make any further revisions necessary to improve
- n. Participate in key meetings during implementation of the PPG, prepare agendas for meetings (e.g. debriefing meeting with national authorities, project validation workshops) and summaries of meetings for circulation to participants.
- o. Secure, in collaboration with the DoA, letters of support to the project from the relevant institutions, as required.
- p. Finalize the project proposal on the basis of all comments received on successive versions of the document.
- q. Provide a short written report on the implementation and outcomes of this PPG to the STDF within one month of its completion. This report should describe the activities implemented, the results achieved, and the key stakeholders who were actively involved and/or consulted. It should also attach copies of relevant documents produced under the PPG.⁶

5 DELIVERABLES

5.1. The international consultant shall deliver the following key outputs:

- i. a short report containing a description of activities undertaken for the PPG, the results achieved, and the key stakeholders who were actively involved and/or consulted; and
- ii. a proposal for a project to improve the sanitary phytosanitary capacity of relevant public and private stakeholders in the fresh fruit and vegetable sector, to ensure the safety of horticultural exports, based on relevant international SPS standards and other particular market requirements.

6 TIMEFRAME

6.1. The planned starting date is **10 July 2017** with an expected completion date of **31 December 2017**.

7 REMUNERATION

7.1. The STDF will transfer a lump-sum amount of **US\$34,670** to cover expenses associated with this PPG, based on the following indicative budget.

⁶ Any documents related to SPS capacity building in Lao PDR, identified during the work to carry out this PPG, should be provided to the STDF Secretariat for inclusion in the STDF Virtual Library (<http://www.standardsfacility.org/library>), where appropriate.

Table I – Expertise services (lump sum)*

Items	Description of inputs required	Estimated budget (US\$)
Expertise	<ul style="list-style-type: none"> International consultant (18 working days, in Lao PDR and 10 working days at home base, at US\$600/day) 	16,800
Travel / DSA	<ul style="list-style-type: none"> Three international flights to Lao PDR (economy class, most direct route) 	4,000
	<ul style="list-style-type: none"> DSA for international consultant (18 days in Lao PDR at approx.. US\$ 175⁷/day) 	3,150
	<ul style="list-style-type: none"> In country travel 	2,500
Travel and DSA of DoA official to support implementation of the field work	<ul style="list-style-type: none"> DSA and accommodation for DoA staff 	2,000
Stakeholder meetings and workshops (including inception workshop, project formulation and validation workshops)	<ul style="list-style-type: none"> Hire of venues, coffee and lunch breaks and expenses related to stakeholder consultations and workshops 	3,000
General operating expenses	<ul style="list-style-type: none"> Telephone, internet, stationary and photocopying expenses, visas, etc. 	1,000
Translation costs	<ul style="list-style-type: none"> Fee for translator to assist international consultant working in provinces (18 days at approx. US\$ 40 /day) 	720
	<ul style="list-style-type: none"> Translation of documents related to the PPG 	1,500
Total lump sum		34,670

*Copies of receipts may be required to be submitted to the STDF Secretariat for reimbursement.

8 QUALIFICATIONS

8.1. The consultant is expected to possess the following qualifications and skills:

- a. Advanced degree in agriculture, plant health or a related subject.
- b. At least 5 years of experience working with Lao PDR or ASEAN countries on activities to strengthen SPS capacity and enhance market access. Experience in the phytosanitary sector/plant health and food safety would be recommended.
- c. Knowledge about sanitary and phytosanitary and other challenges / requirements related to the export of fresh fruits and vegetables.
- d. Experience in designing and implementing SPS projects in developing countries, to enhance market access, including experience in developing and implementing public-private partnership approaches.

⁷ UNDSA rates in May 2017 were as follows: Vientiane US\$175, Elsewhere US\$66

- e. Previous experience in developing similar types of projects in developing countries, including the ability to mobilise resources and leverage private sector support.
- f. Proven ability to work effectively with diverse stakeholders / experts in developing countries (including rural areas).