



OVERVIEW OF SPS NEEDS AND ASSISTANCE IN CAMBODIA

Background paper
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A. OVERVIEW OF SPS SITUATION

1. The updated DTIS completed in 2007 identified 19 product sectors of export potential on which to focus strategies. Among these, nine were agrifood products (rubber, cashew nuts, cassava, corn, fishery, fruits and vegetables, livestock, rice and soyabeans). Among the strategies identified as necessary to stimulate export growth was better management of SPS issues.

2. An estimate is that more than one third of the volume of agri-food export is associated with a high SPS risk, mostly plant health-related given the predominance of plant products in Cambodia's export basket (64% of total exports in 2004 were phytosanitary risk sensitive). Rice is the mainstay of the Cambodian agricultural economy. Rice production in Cambodia has increased rapidly in the past decade due mainly to improved productivity and area expansion. Cambodia has developed into a net rice exporter. In December 2004, China added additional requirements for all plants (and rice) imported from Cambodia which included requirements for risk analysis and field inspections in Cambodia. As a result of these actions, Chinese imports of Cambodian rice have stopped. Likewise, raw cashew nuts have been identified in the DTIS as a product with medium export development opportunities.

3. Agricultural productivity is still undermined by a large number of weeds, insects and diseases. Control of the pest and disease situation will improve agricultural productivity and may help resolve export problems which have arisen. Agri-food product export would also be boosted by the implementation of Good Agricultural Practices and Good Manufacturing Practices for post-harvest processing. For instance, excessive use or use of unapproved pesticides may limit Cambodia's access to developed country markets for products such as soybeans, rice, corn, fruits and vegetables. Also, inappropriate use of pesticides in the production of fresh food and vegetables is a food safety hazard, an occupational safety issue for farmers and a concern for water supplies and eco-system health. Training and laboratory capacity to control mycotoxin contamination are required to ensure access to high return markets for the processed product.

4. Export expansion opportunities for the livestock sector were assessed as low in the DTIS 2007 due to the prevalence of various animal diseases, including Foot and Mouth Disease (FMD), Classical Swine Fever (CSF), Newcastle Disease and Highly Pathogenic Avian Influenza (HPAI). Animal diseases also affect domestic trade and public health through lower productivity and reduced income for producers as well as through risks to human health associated with zoonoses. Cambodia reported 20 outbreaks of HPAI in the period 2003-April 2008 and a total of seven human fatalities in the same period. The outcomes of the OIE PVS tool applied in June-July 2007 should provide further guidance as to the needs and constraints of the Cambodian veterinary services.

5. Cambodia's fisheries sector encompasses extensive freshwater fisheries within floodplains, river and lakes, marine fisheries, rice field fishery and some aquaculture. Cambodia enjoys high export potential in fishery products and is expanding fast – an almost 30% increase in Cambodia's fish exports was recorded between 2001 and 2005. The export of shrimp and tuna to Japan has grown to a value of approximately US\$10m annually.

6. A barrier to further export growth in the fisheries sector, in particular to high value OECD countries, relates to sanitary conditions in the Cambodian fisheries sector. Cambodia is not been included in the list of countries approved for export to the EU and its fish and fish products have been banned since 1997. A number of conditions must be met to obtain approval, including giving the Department of Fisheries the legal basis to function as the competent authority, ensuring compliance with standards such as antibiotics residues, hygiene etc and health certification in line with the OIE standards. Additionally, since 2004, the EU has banned the import of tuna and swordfish from Cambodia and a number of other countries as a result of concerns over failure to respect conservation rules.

7. The poor food safety situation in Cambodia results in important health hazards and economic losses due to cost of illness and loss of healthy and productive life. The absence of a coordinated programme of surveillance of food borne disease at the national level makes it difficult to report morbidity and mortality arising from ingestion of contaminated foodstuffs. However, it was estimated that hospital admissions for diarrhoea and dysentery syndromes represented 5% of total hospital admissions for 2002 with a fatality rate exceeding 3% for these two diseases.

8. Although SPS is widely recognized as a major brake to Cambodian agri-food exports, assessments of SPS needs for Cambodia are fragmented. SPS received little concerted attention in the National Strategic Development Plan (2006-2010) or the DTIS. The establishment of an SPS Action Plan has been identified as a priority need for Cambodia during the STDF workshop on “Mobilizing Aid for Trade for SPS related technical assistance in the Greater Mekong Sub-region” held in Phnom Penh, Cambodia on 21-22 May 2008 (see STDF activities below). Other outstanding needs identified in the balance sheet include:

- **Strengthening the legislative framework for SPS management.** There is a continuing need to clearly identify roles and responsibilities of institutions involved in SPS management, mainly for those with potential overlapping mandates such as the Ministry of Commerce (MOC) and the Ministry of Agriculture, Fisheries and Forestry (MAFF), and within the MAFF, the Department of Animal Health and Protection (DAHP) and the Fisheries Administration (FiA). The institutional and legislative frameworks for fisheries, animal and plant health, need strengthening to include the necessary provisions for enforcement. Mechanisms of coordination among various institutions should be established.
- **Enhance capacity for diagnosis and enforcement.** There is a need to build overall capacity for diagnosis and enforcement for all areas of food safety, plant health and animal health. This refers to capacities for inspection and certification, surveillance and monitoring and risk analysis, among others, and includes facilities, equipment and human resources. Yet prior risk evaluations for all three areas would be needed to correctly identify needs and proper allocation of resources.
- **Promote greater awareness and information for senior and provincial government officials.** This is necessary to mainstream SPS issues into sector development activities and to improve coordination and communication among central and decentralized institutions. Capacity of the SPS Enquiry Point to act as an interface between international partners and national institutions and to disseminate SPS information within the country to all stakeholders should be enhanced. Likewise, the National Codex Committee could be strengthened to act as a vehicle of continuous update of officials on international standards and to raise awareness of relevance of Codex work to the national economy by bringing industry's concerns onto the agenda of senior officials.
- **Enhance awareness and skills of food producers and processors.** This could be implemented through training of trainers to design tailor-made curricula to enhance the skills of operators to achieve compliance with international standards in their particular area of operation. Strengthening of extension capacity and of the link between extensions and applied agronomic research could greatly benefit the farmers. Multiplying Farmer Field Schools, reinforcing producer associations and provincial chambers of agriculture are other possible ways to improve phytosanitary and animal health situations in the country.
- **Enhance awareness of consumers on food safety risks.** This could be conducted through assisting relevant institutions to design food safety campaigns and to strengthen consumer association's capabilities to act as an intermediary.

- **Develop coordinated surveillance programmes for plant and animal pests and diseases and for food-borne disease and enhance capacity for diagnosis.** This should include training on data collection and dissemination and on the use of data to develop science-based food control strategies.

B. OVERVIEW OF SPS-RELATED TECHNICAL COOPERATION

9. Technical assistance in the area of SPS has been surveyed in Cambodia as part of the STDF Aid for Trade related work. For the period 2001-2006, Cambodia benefited from 14 country projects (with a total of about US\$16m) and a number of multi-country projects (total value of US\$200m for all multi-country projects). Table 1 below gives an overview of SPS assistance received in the period 2001-2006.

Table 1: Direct SPS assistance received by Cambodia (2001-2006)

Number of projects		Value of Projects	(US\$'000)
Food safety	2	Food safety	301
Animal health	3	Animal health	6,931
Plant health	1	Plant health	56
HPAI	5	HPAI	4,633
General	3	General	3,629
Total	14	Total	15,550

10. The table shows the predominance of donor support oriented towards animal disease control, and mainly the control of HPAI. Further significant donor assistance can be expected in the area of HPAI. At the end of 2006, some US\$27m in committed funds for HPAI had not yet been disbursed. For instance, ongoing projects include continuation of EC support on smallholder livestock production (2007-2010, total value US\$1.85m), three FAO projects on HPAI prevention, preparedness and control funded by Germany and USA (2006-2009, total value US\$8.6m) and US\$11m assistance on avian and human influenza control and preparedness managed by the World Bank.

11. Ongoing projects specific to Cambodia include assistance to the fisheries sector provided by FAO (2008-2009, total value of US\$311,000) and by DANIDA/DFID (2006-2010, US\$321,000). Cambodia benefits from another support project from FAO to enhance the phytosanitary system (2008-2009, total value of US\$264,000).

12. A multi-donor trust fund (around €10m) for implementation of the DTIS priority actions is being prepared with EC, DANIDA and UNIDO as main contributors. The programme concept note include reference to SPS issues. Projects will target actions recommended by the DTIS to promote export of the nineteen products with high export potentials, with a focus on trade facilitation. The SPS Action Plan developed by the STDF will help in identifying capacity building activities required to achieve this objective (see STDF activities below).

13. Another area where Cambodia can expect further assistance is in relation to implementation of the Greater Mekong Subregion (GMS) Cross-Border Transport Agreement. The ADB/GMS Secretariat is in charge of a technical assistance project aimed at enhancing Transport and Trade facilitation in the GMS. The project will build on the ongoing project on implementation of the cross-border transport agreement. It will comprise four components: i) trade facilitation, ii) SPS measures, iii) business and logistic support and iv) regional information sharing. The SPS component aims at strengthening cooperation between SPS regulatory institutions through common risk management, laboratory mutual recognition, etc. The technical assistance provides for 14 man/month expertise to assess the institutional framework in GMS countries, assess risk management systems and develop an implementation plan on SPS, assess the laboratory situation and ISO 17025 compliance, etc.

14. Other technical assistance not directly focused on SPS could be provided through programmes targeting private sector support. The ADB Cambodia Private Sector Development Program currently under preparation as well as the activities planned by the Mekong Private Sector Development Facility (MPDF) of the International Finance Corporation (IFC) to enhance the business environment and remove key barriers to Small and Medium Sized Enterprise development in Cambodia, with particular support to the development of SMEs in the agro-industry (total budget of the project €15m with EC contributing €8.9m).

15. Regional economic integration is an important driver for technical assistance provided to South East Asia. Consequently, a large proportion of technical assistance for SPS has been carried out on a “multi-country” basis. As one of the more recent members of ASEAN, Cambodia has been eligible to benefit from a wide range of projects totalling approximately US\$200m. Table 2 below summarizes multi-country SPS assistance which included support to Cambodia.

Table 2: Multi-country SPS assistance (2001-2006)

Number of projects		Value of Projects	(US\$'000)
Food safety	29	Food safety	24,909
Animal health	9	Animal health	8,023
Plant health	15	Plant health	9,819
HPAI	20	HPAI	130,608
General	17	General	26,328
Total	90	Total	199,687

16. Ongoing multi-country projects pertaining to Cambodia include the NZAID/FAO/WHO food safety project (2003-2008, budget US\$1,28m), the Southeast Asian Foot and Mouth Disease Control Programme (SEAFMD) funded by Australia (total value of US\$3m), phytosanitary capacity building projects funded by NZAID and Japan (total value of US\$2.25m), ASEAN-EU Programme on Regional Integration Support Phase II (APRIS II) which includes a component on SPS integration (2006-2009, total value of the programme €8.4m), two projects on ASEAN GAP and fisheries funded by the ASEAN-Australia Development Cooperation Programme (2007-2008, total value US\$677,000), projects on spread of transboundary animal diseases and livestock movement (total value of US\$1, 22m) and various donor projects on avian influenza (total value exceeding US\$94m).

C. STDF ACTIVITIES IN CAMBODIA

17. In March-May 2008, the STDF undertook a field research in Cambodia to collect information on the ongoing SPS related technical assistance. In parallel, a review of exiting evaluations of SPS capacity in the country was undertaken. This review allowed the establishment of an inventory of SPS needs which were matched to technical assistance provision in a balance sheet to identify outstanding needs which are not covered by on-going or planned technical assistance programmes. The work involved a thorough interaction with stakeholders in the country to identify priority needs in the SPS area. The balance sheet was first validated at the country level and then presented at the regional workshop held in Phnom Penh, Cambodia 21-22 May 2008 and further amended by participants from the country to reflect the discussions held with development partners at the meeting.

18. The need for a comprehensive and coherent SPS Action Plan was identified as a priority by Cambodia and its development partners during the STDF workshop on “Mobilizing Aid for Trade for SPS related technical assistance in the Greater Mekong Sub-region” held in Phnom Penh, Cambodia on 21-22 May 2008. The STDF Working Group has approved funding for a project aiming at developing such an Action Plan. The SPS Action Plan will aim at identifying precisely the actions to be taken to strengthen the legislative framework for SPS management, to enhance capacity for

diagnosis and enforcement, to promote greater awareness and information for senior and provincial government officials, to enhance awareness and skills of food producers and processors, to enhance awareness of consumers on food safety risks and to develop coordinated surveillance programmes for plant and animal pests and diseases and for food-borne disease.