



OVERVIEW OF SPS NEEDS AND ASSISTANCE IN RWANDA

Background paper
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A. OVERVIEW OF SPS SITUATION

1. Agriculture accounts for approximately 42% of GDP and employs about 90% of the population. Beans, sorghum, sweet potatoes and cassava are the main food staples. Coffee, tea, bananas and potatoes are the main domestic cash crops. Europe has traditionally been the main destination for Rwandan exports, reflecting the dominance of traditional commodity exports, coffee and tea. Coffee growers represent about 400,000 people. Tea production and processing is primarily managed by state-owned factories employing about 53,000 workers. Rwanda's DTIS, validated in 2005, acknowledges that - in the short-term – reinforcement of these sectors through *inter alia* increasing productivity and raising quality is key to poverty reduction. In addition, standards for product safety and quality and opportunities for increasing horticultural exports from Rwanda are sections that figure prominently in the DTIS.

2. Over the last two decades, the share of coffee and tea exports has declined or stagnated, mainly due to non-SPS reasons such as falling international prices, growing competition and various supply-side factors including quality, climatic conditions and institutional issues. Rwanda has not been infected by the Coffee Wilt Disease (CWD) which has severely hit its neighbouring countries (Uganda, Democratic Republic of Congo and Tanzania) - but is at risk. Ochratoxin A, a mycotoxin hazardous to human health, may pose another potential SPS constraint. There is a need to continue awareness raising on these issues among coffee producers through extensive training programmes focusing *inter alia* on good hygiene practices along the chain. In the tea sector, market demands such as testing requirements for pesticides and heavy metals may have a direct impact on producers.

3. One of the priorities in Rwanda is the development of horticulture exports where the country has comparative advantages such as a favourable climate and a large and relatively cheap labour force. The DTIS identifies the following constraints undermining the country's competitiveness: lack of technical know-how, poor quality, high transport costs, weak marketing channels, lack of basic infrastructure, and lack of access to finance and credit. Other issues facing the development of the sector include lack of a strategy, poor institutional capacity, and the small scale of production at which most farmers are operating. Various reports have identified products that hold significant export potential including *inter alia* passion fruit, apple bananas, tree tomato, avocado, pineapple, pyrethrum and roses. Further analysis through a series of market and feasibility studies on selected products is recommended, given the investments that will be required. Horticulture is an SPS sensitive industry, with fresh fruit and vegetables being increasingly susceptible to pests and diseases and generally more delicate in nature than traditional crops. Rwandan farmers do not typically use pesticides, and there could be potential to further develop organic produce, if profitable markets exist.

4. Diversification of exports into higher value-added products, such as horticulture, will necessarily require building the country's SPS management capacities and addressing the weaknesses that undermine product quality. According to the DTIS, the main priority is in awareness, recognition and application of basic good practices for hygiene and safety among farmers and industry to provide the foundation for a strong food standards system. To this end, assistance and training will be required on internationally recognized systems, such as Good Agricultural Practice (GAP) and Hazard Analysis Critical Control Point (HACCP) to help managing SPS risks effectively. In addition, results of the PCE tool show that Rwanda is currently neither able to adequately secure its borders against the introduction of pests and diseases nor to provide confidence to its trading partners that agricultural produce imported from Rwanda is pest and disease-free. Plant health services need strengthening and capacity to undertake pest risk analysis need to be developed and pest free areas in accordance with international (IPPC) requirements established and/or maintained. Reportedly, a list of crops was recently drawn up in terms of national importance (food security) and export potential - including cassava, maize, Irish potato, sweet potato, rice, beans, banana, tree tomato and passion fruit.

5. Livestock rearing is mostly small-scale - mainly at family level - acting as a source of food and fertiliser. Rwanda's cattle herd is estimated at 1.1 million units, goats at 1.8 million units and pigs accounting for a further 570.000 units. Rwanda's animal health status is of concern and several disease-related quarantines have been reported, notably in the east of the country. Information on OIE's website reveals the presence of various endemic OIE notifiable diseases in the country, which limits the scope to increase farmers' incomes as well as access to regional and global markets. Disease concerns also play a role in Rwanda's exports of raw hides and skins.¹ Although no information is available, potential shortcomings may exist in sanitary controls at slaughterhouses, handling and processing facilities for meat, dairy and poultry products, and in the availability of animal feed. It is recommended that a planned OIE mission to apply the PVS tool in the second half of 2008 be used to design actions to strengthen the performance of veterinary services, establish animal disease surveillance programmes, strengthen quarantine and border inspection, etc.

6. Limited information is available about the domestic food safety situation, incidences of food borne diseases, etc. but there seems to be room for improvement in the safety and quality of food products sold on the local market. Reportedly, the Rwanda Bureau of Standards (RBS) is responsible for inspection of agricultural products entering and leaving the country and for inspection and certification of food handling premises, in collaboration with the Ministry of Health. Rwanda's food testing laboratory is currently being upgraded. Reportedly, detection of mycotoxins in cassava flour exports have posed problems in the past.

7. The DTIS includes several recommendations to enhance Rwanda's standards management system to promote exports of food and agricultural products such as the introduction of good practices, food safety and quality management systems into farming and other activities of the production cycle, the establishment of conformity assessment mechanisms, and the development of certification capacity. Regional cooperation must be sought in standard-setting, conformity assessment and laboratory services and the accreditation system. A national notification authority and enquiry point should be nominated to comply with WTO obligations under the SPS Agreement - coupled with the creation of an information service for Rwandan exporters. Rwanda is about to become a party to the IPPC. Support is needed to enhance Rwanda's capacity to participate more actively in the international standard-setting process (Codex, OIE and, shortly, IPPC).

8. There is interest among key stakeholders to adopt an integrated "biosecurity" approach towards "SPS sensitive" trade - including environmental and GMO issues - through a coordinated multi-agency approach. To this end, it was recently proposed and agreed in a multi-stakeholder workshop (November 2007) to expand the terms of reference of a proposed national SPS Committee to include biosecurity. The new body would be involved in the revision of biosecurity-related legislation and the drafting of memoranda of understanding on topics such as border inspection (pooling of resources), national surveillance systems, laboratories, etc.

B. OVERVIEW OF SPS-RELATED TECHNICAL COOPERATION

9. Following validation of the DTIS in 2005, activities have been initiated by donors to address several needs formulated in the Action Matrix. For instance, funding from the EC (totalling €1.9m) is currently being used to develop and build an export-related standards architecture. According to information from the IF Focal Point in Rwanda, this includes *inter alia* support to RBS, development of SPS/TBT enquiry points linked to an information service for producers and exporters, and training and technical assistance to farmers/producers on GAP and HACCP.

¹ The DTIS refers to an example of a shipment of artisan drums rejected by US authorities because raw cattle hide had been used as drum skin. As a consequence of an SPS measure designed to protect against cattle diseases, the import was prevented and the drums destroyed.

10. The Netherlands has supported the development of cold storage facilities at the airport in Kigali, a necessary element in the development of horticultural exports.
11. The Rwanda Horticulture Export Standards Initiative with support from STDF (RHESI, 2007-09, total value US\$530,000) aims to foster horticultural exports through good practice promotion, regulatory reform, training, and information and database development in the plant health area.
12. World Bank support to Rwanda is concentrated *inter alia* on agriculture, forestry and fisheries as well as industry and trade. In June 2008, the World Bank approved a US\$35m financing grant for the Rwanda Second Rural Sector Support Project (RSSP2). One component of RSSP2 will support the commercialization of smallholder agriculture in targeted marshland and hillside areas by intensifying production, promoting agricultural value addition, and expanding access to markets.
13. FAO support in the SPS area is mainly related to the control of avian influenza and strengthening of Rwanda's veterinary services. Possible assistance to Rwanda's National Codex Committee is currently being discussed.
14. Rwanda's National Indicative Programme for support under the 10th EDF indicates that €290m will be disbursed over the next five years, with approximately 60 % to be allocated in the form of general budget support. Focal areas are rural and infrastructure development. About €6m of the amount is allocated for support to trade, regional integration and private sector development - including implementation of the DTIS. In addition, Rwanda is part of the 10th EDF Regional Indicative Programme.
15. Rwanda benefits from a number of programmes and initiatives at regional level. Generally, however, it is difficult to identify country-specific allocations and/or allocations to SPS issues within these programmes. At EAC level, UNIDO implements a project funded by Norway (2008-11, total value US\$5.3m) aiming to enhance trade capacity building in agro-industry products for the establishment and proof of compliance with international market requirements. Reportedly, the project will support development of the Rwandan food control system.
16. The German metrology institute (PTB, 2007-10) supports the establishment of regional quality infrastructure in the EAC region (mutual recognition of conformity assessment procedures, accreditation etc.).
17. At regional level, STDF supports the creation of a Centre of Phytosanitary Excellence in Eastern Africa (COPE, 2008-10, total value US\$800,000, implemented by CABI/KEPHIS with support from US/Netherlands), i.e. a model regional training centre on phytosanitary issues – including creation of a regional pest risk analysis (PRA) unit.
18. At COMESA level, the EC-funded Regional Integration Support Programme (RISP, 2005-12, total value €30m) includes a component of capacity building to develop standards and meet international SPS requirements. The Agricultural Marketing Promotion and Regional Integration Project (AMPRIP, implementation period and total value not known) supported by the AfDB focuses on capacity building, establishment of regional reference laboratories, institution of an SPS legal framework and establishment of a regional technical sub-committee on SPS measures.
19. Worth mentioning is also upcoming support for small-scale coffee, dairy and cassava farmers in East Africa by the Bill and Melinda Gates Foundation. The total regional value of these projects is reported to be approximately US\$123m.
20. USAID has provided support to the Eastern and Southern Africa region under its Regional Agriculture Trade Expansion Support programme (RATES, 2004-08, total value US\$26m). Among the deliverables are regional dairy and maize standards adopted by key countries involved in 80 % of

the regional trade and a COMESA dairy SPS protocol adopted by at least five dairy producing countries by September 2008. USAID/USDA also provide support to key SPS policy objectives under the African Global Competitiveness Initiative (AGCI, 2006-11, total value US\$11.5m) with the objective to build capacity of African countries to export plant, horticultural, and animal products internationally. Assistance is primarily implemented through USAID's regional trade hubs, including the East and Central African Trade Hub in Nairobi, Kenya.

21. At ACP level, various projects funded by the EC include major SPS components. The Programme Initiatives Pesticides (PIP-COLEACP, 2003-08, total value €9.1m) aims to enable ACP companies to comply with European food safety and traceability requirements and includes in-depth analysis of the impact for ACP countries of the new European SPS regulations on official feed and food controls. A second phase of PIP is being considered. The EC programme "Trade.com" (2004-09, total value €50m) focuses *inter alia* on implementation of WTO Agreements and preparation of pilot projects with special attention to SPS/TBT issues. The Support Programme to Integrated National Action Plans for Avian and Human Influenza (SPINAP-AHI, 2007-10, total value €22.5m, implemented by AU-IBAR) aims to strengthen capacity for early detection and rapid response to AHI.

22. Forthcoming ACP-wide programmes include Participation of African Nations in Sanitary and Phytosanitary Standard Setting Organizations (PAN-SPSO, 2008-10, total value €3.85m, implemented by AU-IBAR and AU-IAPSC) aiming to enhance effective participation of African countries in the activities of Codex, OIE and IPPC). The programme Strengthening Food Safety Systems Through Sanitary and Phytosanitary (SPS) Measures (2008-2012, estimated value US\$32m) will aim to establish risk-based food and feed safety systems for export products in ACP countries in line with regional, international and EU standards.

23. Reportedly, the EC, FAO, ITC, UNCTAD and the World Bank are currently considering an African-wide support programme on agricultural commodities (including cotton). The aim would be to strengthen capacities to develop and implement sustainable commodity strategies that improve farmers' productivity and their rural livelihoods and reduce income vulnerability (including *inter alia* elaborating strategies covering critical parts of the commodities chain; supporting diversification; helping integrate commodities dependent countries in the international trading system). Total estimated value is US\$54m. Finally, the World Bank is planning to establish an Africa-wide Multi-Donor Trust Fund (MDTF) for Trade and Development. Pilot activities will take place in Madagascar, Tanzania and Senegal.

C. STDF ACTIVITIES IN RWANDA

24. The STDF is currently funding the Rwanda Horticulture Export Standards Initiative (RHESI) which aims at increasing Rwanda's exports of fruit, vegetables and flowers in international and regional markets. This project resulted from a project preparation grant funded by the STDF.