

**Committee on Trade and Development  
Aid for Trade  
Committee on Sanitary and Phytosanitary Measures**

**MOBILIZING AID FOR TRADE FOR SPS-RELATED TECHNICAL CO-OPERATION -  
CONCLUSIONS FROM PILOT ACTIVITIES OF THE STANDARDS AND  
TRADE DEVELOPMENT FACILITY**

Note by the Secretariat<sup>1</sup>

**Summary**

1. Pilot STDF Aid for Trade activities were undertaken in 12 countries across Central America, East Africa and the Greater Mekong Delta Sub-region (GMS) between July 2007 and July 2008. The STDF activities were successful in:

- consolidating existing diffuse evaluations of SPS needs into a single overview accepted by the countries surveyed and development partners;
- identifying existing and future planned sources of assistance to address SPS needs. The STDF work provides a useful basis on which development partners can ensure that future activities do not duplicate on-going or planned assistance; and
- identifying outstanding SPS needs not addressed by on-going or planned assistance.

2. The full impact of the STDF Aid for Trade activities in mobilizing resources to address outstanding SPS needs will only become clear with time. In each of the three regions surveyed, more resources are potentially becoming available to address SPS needs. For these resources to be utilized, however, two important steps must be taken. On the part of beneficiaries, outstanding needs must be developed into "bankable projects". Furthermore, both beneficiaries and donors must prioritize SPS-related capacity building needs in their future technical co-operation planning. Without this prioritization, it is unlikely that resources will be allocated to address outstanding needs.

3. One area of concern are the outstanding SPS needs related to underlying "structural" issues. These "structural" issues relate to endemic animal diseases and plant pests for which there are no easy short term solutions. To address these impediments, sustained long term commitment to funding is required.

**Introduction**

4. One of the aims of the Standards and Trade Development Facility (STDF) is to act as a vehicle for co-ordination among technical co-operation providers and for the mobilization of funds for

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<sup>1</sup> This document has been prepared under the Secretariat's own responsibility and is without prejudice to the positions of Members or to their rights or obligations under the WTO.

SPS-related technical co-operation.<sup>2</sup> As part of this function, the STDF conducted a series of pilot Aid for Trade events in three regions: Central America<sup>3</sup>, the East African Community (EAC)<sup>4</sup> and a sub-group of ASEAN countries.<sup>5</sup> The aim of these events was to focus attention on SPS needs in the three regions surveyed, examine the provision of assistance to address these needs and to seek to mobilize resources to address outstanding needs not covered by current or planned assistance.

5. The STDF Aid for Trade work was carried out in two phases. In the first phase, research was undertaken to identify existing capacity evaluations and to establish an inventory of SPS-related technical assistance. The results of this preliminary research were presented as part of the Regional Reviews of Aid for Trade in September 2007.<sup>6</sup> In the second phase, a "gap analysis" was undertaken to identify where existing and planned technical assistance did not meet SPS needs. Results of these gap analyses were presented during workshops in each region in May and June 2008.

### **Consolidating capacity evaluations into a single overview of outstanding SPS needs**

6. In each of the three regions, the first phase overview of needs was based on a review of existing evaluations of SPS capacity. No new research was undertaken. In Central America, 11 such evaluations were reviewed, in East Africa a total of 10 and in the ASEAN sub-group a total of 12 evaluations were examined. In phase two, the needs identified in the capacity evaluation studies were compared with the inventory of SPS-related technical assistance and gaps identified where additional assistance was necessary.<sup>7</sup> These "outstanding needs" were validated with national stakeholders and discussed in detail.

7. Agreement on a single overview of outstanding SPS needs was considered a key output. During in-country research it became evident that knowledge about prior SPS capacity evaluations was generally limited to those involved in the specific area of focus (e.g. animal health, plant protection or food safety). Evaluations were typically specific to a particular thematic area e.g. plant protection. Even within particular professional groupings (e.g. food safety officers), instances occurred where officials were unaware that a capacity evaluation existed (often due to high rates of staff turnover). Although shortcomings in national SPS capacity can have serious adverse effects on trade performance, agricultural production and public health, there were few instances of comprehensive national policy frameworks for strengthening SPS capacity.

8. Private sector input into previous evaluations was patchy. In all three regions, one criticism of the results of previous evaluations was that they failed to adequately consider SPS compliance constraints in the private sector. Most evaluations typically focused on SPS infrastructure and

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<sup>2</sup> The STDF is a joint initiative of the Food and Agriculture Organization (FAO), World Organization for Animal Health (OIE), World Bank, World Health Organization (WHO) and the World Trade Organization (WTO). Other organizations with experience in SPS-related technical co-operation in this area such as the Inter-American Institute for Co-operation on Agriculture (IICA), the International Trade Centre (ITC), the United Nations Conference on Trade and Development (UNCTAD) and the United Nations Industrial Development Organization (UNIDO) also participate in the work of the STDF.

<sup>3</sup> Countries surveyed included Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama.

<sup>4</sup> Countries surveyed included Kenya, Tanzania and Uganda. As Burundi and Rwanda became full East African Community Members only as of 1 July 2007, they were not included in the research.

<sup>5</sup> Countries surveyed included Cambodia, Lao People's Democratic Republic (Laos) and Viet Nam.

<sup>6</sup> See [G/SPS/GEN/812](#) for general conclusions arising from phase 1.

<sup>7</sup> In Central America, in-country research was undertaken in phase 2. Capacity evaluations identified in phase 1 were considered out of date by beneficiaries (most having been completed at the start of the Dominican Republic-Central America Free Trade Area (DR-CAFTA) negotiation.

competencies in the public sector, measuring domestic capacity against relevant international standards.<sup>8</sup>

9. In general, while previous capacity evaluations had buy-in at a technical level, higher level political commitment was often absent. Furthermore, it was evident that addressing national SPS capacity constraints was not always considered a high priority from the perspective of improving trade performance.

10. Overall, the aim of the STDF Aid for Trade work was to arrive at a single analysis of outstanding SPS needs that was shared by the countries surveyed (both at national and regional levels) and development partners (regional and multilateral organizations and donors). This objective was achieved in each of the three regions and the resulting overviews of outstanding needs provide a sound basis from which to mobilize further assistance to address outstanding SPS needs.

### **Outstanding SPS needs**

11. An overview of outstanding SPS needs by country is provided in Annex 1. Needs have been combined into generic categories. For example, the category "assistance in surveillance and control of animal diseases and plant pests" does not specify the animal diseases or plant pests to be controlled nor the assistance required to improve surveillance. Much greater detail can be found in the conclusions of each workshop and in the background reports. For Central America, only the top five priority needs of each country have been included. Conclusions from each of the workshops and detailed gap analyses for each of the twelve countries surveyed, as well as analysis at regional levels, can be found on the STDF website.<sup>9</sup>

12. A further consideration to note is that the table in Annex 1 provides an overview of outstanding needs not addressed by current or planned SPS-related technical assistance. Hence for Laos, institutional strengthening is not listed as an area of outstanding need because of planned assistance which should address this need. The needs listed are those which are not currently being addressed through technical co-operation.

13. Various efforts were made at prioritization of needs. During the workshop for Central American countries, each country was requested to list their top five priority action areas. In the ASEAN sub-group, a priority on a scale of 1-3 was assigned to each action listed in the overview balance sheets. A similar scale was used in the workshop conclusions for East Africa.

14. Overall, there is variation in the level of detail provided in the background research and conclusions. In large part, this reflects the SPS capacity of the countries concerned, the assistance currently provided and the magnitude of the needs faced. In the case of Kenya, for example, detailed actions have been listed with very specific timescales. In contrast, some of the needs expressed by Kenya's neighbours are more generic in nature, reflecting their greater level of need in relation to certain sectors, e.g., horticulture, and perhaps lower capacity in strategic planning. The same situation occurs in the other two regions, with those countries with the greatest capacity in the SPS area listing more specific needs and those with less capacity providing more general information reflecting the greater magnitude of their needs.

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<sup>8</sup> For the purposes of the SPS Agreement, the relevant standards are those of the Codex Alimentarius Commission (Codex), the International Plant Protection Convention (IPPC) and the World Organization for Animal Health (OIE).

<sup>9</sup> [http://www.standardsfacility.org/regional\\_consultations.htm](http://www.standardsfacility.org/regional_consultations.htm)

15. As previously noted, one weakness of previous evaluations related to lack of information regarding the SPS needs of the private sector. Few of the capacity evaluations on which the STDF work was based considered SPS compliance issues from the perspective of the private sector. A noteworthy exception was in relation to the phase two research work conducted in Central America. In Central America, SPS constraints were framed in the context of market access difficulties for six product categories (beef, pork, poultry, dairy products, fish and fish products, horticulture and floriculture). This permitted the SPS constraints identified in Central America to be the most closely tied to improved trade performance.

16. Table 1 provides an initial evaluation by participants of the success of the STDF Aid for Trade project. One point to note is that the lowest scores recorded were in relation to "Actions identified to match needs with future SPS-related technical assistance". This underlines the importance of follow-up actions to help mobilize resources to address outstanding priority needs.

**Table 1: Overview of participant evaluation forms for STDF Aid for Trade events**

	Average score on 1-5 scale (1 not all - 5 completely)		
	ASEAN sub-group	East African Community	Central America*
Percentage (respondents/participants)	50.7	54.2	49.4
Outstanding SPS needs identified	3.9	3.9	-
SPS Technical Assistance (TA) flows identified	3.8	3.8	-
Actions identified to match needs with future SPS TA	3.6	3.8	-
Overall satisfaction with results	3.8	3.9	4.0
Quality of background reports	4.2	4.3	3.9

\* Due to a printing error, the first three questions were not reproduced on the evaluation forms distributed for the event in Central America

### **Mobilizing Aid for Trade for Outstanding SPS Needs**

17. Reactions from development partners at the workshops in Phnom Penh, Kampala and Guatemala City were positive. For example, during the Phnom Penh workshop, AusAid, the Asian Development Bank, the European Communities and several of its member States, and the United States indicated that they would use the results of the research work to influence future programming in the SPS area. Similarly encouraging statements were made in Kampala and Guatemala City.

18. Table 2 provides an overview of on-going or planned SPS-related assistance to Cambodia, Laos and Viet Nam in the period 2005-2013. The table shows considerable variation in SPS-related technical cooperation flows by country and thematic area. Within the region, it is clear that the continued fight against Highly Pathogenic Avian Influenza is the main driver of SPS assistance; it accounts for 47 per cent of total SPS related assistance in the period until 2013. Amongst the three countries, Viet Nam is the largest beneficiary of assistance, receiving 53 per cent of total assistance flows. In contrast, Cambodia receives just less than 5 per cent of the total. By thematic area, levels of assistance also differ significantly, with plant health receiving only 1 per cent of planned assistance. Smoothing out some of these variations in assistance across SPS disciplines and between countries by

providing more balanced assistance was recommended as an objective by participants at the wrap-up workshop in Phnom Penh.

19. On-going regional cooperation efforts through the Greater Mekong Sub-region (GMS), the Association of Southeast Asian Nations (ASEAN) and the Ayeyawaddy-Chao Phraya-Mekong Economic Cooperation Strategy was identified as a driver of future assistance. ASEAN has developed a "Vision 2020" which includes a strategic action plan for cooperation in food, agriculture and forestry. Another avenue to address many of the outstanding priority SPS needs identified at regional level was GMS co-operation. Various Asian Development Bank (ADB) projects to implement GMS action plans and the Cross-Border Transport Agreement will include SPS capacity building. Collaboration between the World Bank and ADB in exploring the possibility of designing concessional investment programmes for Cambodia, Lao PDR and Viet Nam was also noted. Finally, for Cambodia and Laos, the Integrated Framework (IF) was identified as an important source of future funding. In both countries, discussions are on-going about the creation of multi-donor basket funds to address constraints identified in the IF Diagnostic Trade Integration Studies (DTIS).

**Table 2: Overview of SPS-related technical cooperation 2005-2013 in US\$ millions**

	<b>Cambodia</b>	<b>Lao PDR</b>	<b>Viet Nam</b>	<b>Multi-country</b>	<b>Total</b>
<b>Food safety</b>	0.6	-	103.6	2	106.2
<b>Plant health</b>	-	-	1.1	3.4	4.4
<b>Animal health</b>	1.8	18.8	35	4.2	59.9
<b>Highly Pathogenic Avian Influenza</b>	14.1	16.5	38	97.8	166.4
<b>Other issues</b>	0.3	2.4	10.8	-	13.4
<b>Total</b>	16.9	37.7	188.4	107.3	350.3

20. In the two other regions, it was not possible to identify future flows of assistance with the same degree of accuracy. In East Africa, there is a trend towards general budget support and the use of thematic basket funds. Disaggregating support offered through such financing mechanisms to identify its SPS elements is problematic.

21. It is clear that substantial assistance will become available through the 10<sup>th</sup> European Development Fund and the Economic Partnership Agreements for the East African region, but no specific allocations for SPS issues have yet been made within general funding lines. Similarly, a 5-year funding compact was agreed in February 2008 by the Government of Tanzania and the Millennium Challenge Corporation, worth approximately US\$700 million.. Similar agreements may follow in Kenya and Uganda if both countries are able to fulfil the necessary eligibility conditions.

22. As in Asia, regional integration is another important driver of assistance in East Africa. SPS-related co-operation projects are being pursued within the East African Community, COMESA and SADC. Regional co-operation projects on animal health related issues through AU-IBAR are also on-

on-going or in the pipeline. The IF is another important source of additional funding in Tanzania and Uganda. In this sense, the workshop in Kampala was very timely and should allow both development partners and beneficiaries to integrate SPS needs into future funding plans.

23. In Central America, important drivers of future SPS-related technical assistance include the CAFTA-DR Agreement, Inter-American Development Bank (IADB) loans and grant operations, and the EU-Central America Political Dialogue and Co-operation Agreement (and on-going negotiation of a Free Trade Agreement).

24. The CAFTA-DR agreement created a Committee on Trade Capacity Building (TCB). The TCB brings together agencies of the US government, non-governmental organizations, private sector representatives, and four multilateral institutions (the IADB, World Bank, Organization of American States, and the Economic Commission for Latin America and the Caribbean). The TCB aims to ensure that activities respond to "National Trade Capacity Building Strategies" developed in partnership with the Central American countries. The STDF research work builds on these National Trade Capacity Building Strategies by providing a greater level of detail on SPS needs and an overview of where other development partners are running projects. To this end, the results of the work have been communicated to the TCB members.

25. The STDF research in Central America was conducted in collaboration with the IADB. IADB continues to provide financial support, through loans and technical cooperation, for trade-related assistance in the region. It has approved loans worth US\$ 20 million to support Central American countries on specific SPS-related issues. The IADB also provides grants to address SPS needs and/or overcome SPS-related barriers. The STDF is working closely with the IADB to identify further grant and loan operations which will respond to the outstanding SPS needs identified in Central America.

26. In March 2007, the European Commission published a Regional Strategy paper on the EU-Central America Political Dialogue and Co-operation Agreement. The Regional Strategy Paper earmarked an indicative allocation of €75 million for the period 2007-2013 and focuses primarily on the priority of regional integration. These resources will be supplemented by projects funded from specific EC budget lines and programs financed under the Central American and Latin American regional programs. For the European Commission, consolidating the Central American customs union and related harmonized and common policies are a priority area. SPS issues have been identified as an area which needs to be addressed. The European Communities has commissioned UNIDO to survey and deliver a programme of assistance to upgrade standard metrology testing and quality infrastructure in the region.

### **Conclusions and Next steps**

27. In general, mobilizing funds to address outstanding SPS-related technical assistance needs will depend on:

- the extent to which development partners use the results of the STDF work and other SPS capacity evaluations to influence their development programming; and
- the extent to which SPS needs can be addressed as part of broader programmes, e.g., trade facilitation, agricultural production, agri-business development and general private sector assistance, environmental protection and protection of public health.

28. The STDF research work provides a clear overview in each of the three regions of where outstanding SPS needs are not currently being addressed. As such, it provides a sound basis from which both beneficiaries and development partners can seek to design programmes of assistance.

29. One theme which emerged strongly from the regional workshops was a discordance between developing country expectations and the realities of donor project and programme funding cycles. On the beneficiary side, the view was that needs should be quickly matched with assistance; on the development partners' side, the message was that needs would have to be considered as part of national programmes of assistance and within established funding cycles. Furthermore, it was clearly stated that the fact that a need had been expressed was not enough to ensure that funding was provided.

30. In general, needs have to be developed into "bankable projects" and given priority by the beneficiary government. Without that prioritization (i.e. ownership by the beneficiary), no assistance will be provided. A further factor is that needs expressed have to fit with individual donor's funding priorities. Overall, the message from the three regions was that future resources will become available to address outstanding needs, but that donors and beneficiaries need to prioritize SPS if it is to receive attention

31. Follow-up activities by the STDF in each region will focus on bringing the various actors together and helping all parties to appreciate the economic case for dedicating resources to this area. One follow-up activity which has already been approved is development of an SPS Action Plan for Cambodia. This plan should examine the economic returns from investment and set out a clear national investment strategy. This work also highlights the inter-relationship between food safety, animal and plant health with agricultural production, rural development, public health, market access and environmental protection. Funding for other projects and the development of project preparation grants is likely to be approved by the STDF in future.

32. Another important area where the STDF activities can add value is through better donor co-ordination. For example, in the Central American region seven different organizations are all involved in laboratory strengthening projects. The background reports listing SPS-related technical co-operation activities provide an important basis from which donors can co-ordinate their activities.

33. In mobilizing future assistance for outstanding SPS-related needs, the main challenge arise from a series of underlying "structural" issues. These "structural" issues relate to endemic animal diseases and plant pests for which there are no easy short term solutions. To address these impediments, sustained long term commitment to funding is required. Mobilization of the international community to address Highly Pathogenic Avian Influenza and Foot and Mouth Disease (FMD) provides positive examples of such initiatives. Work by the STDF to co-ordinate donors responses in the control of fruit fly in West Africa will provide an interesting test case in this regard.

34. In conclusion, the STDF Aid for Trade activities have already fulfilled two of the objectives set for the project. The Aid for Trade work has effectively focused attention on SPS needs in the three regions. The work has also examined the provision of assistance to address SPS needs and identified future streams of assistance. What has only partially been achieved to date is the mobilization of resources to address outstanding needs not covered by current or planned assistance. For this target to be achieved, much of the responsibility lies on donors and recipients to prioritize SPS-related needs in their future technical co-operation planning.

**Annex 1: § Overview of outstanding SPS needs by country and region surveyed**

	ASEAN sub-group			East African Community			Central America					
	Cambodia	Laos <sup>10</sup>	Viet Nam	Kenya	Tanzania	Uganda	Costa Rica	El Salvador	Guatemala	Honduras	Nicaragua	Panama
Institutional strengthening			✓	✓		✓		✓	✓			
Development of national SPS action plan	✓				✓	✓						
Updating SPS legislation	✓		✓		✓	✓						
Awareness raising	✓		✓	✓	✓	✓						
Upgrading Laboratory infrastructure				✓	✓			✓		✓	✓	✓
Assistance in surveillance and control of animal diseases and plant pests	✓	✓		✓		✓		✓	✓	✓	✓	
Assistance with risk analysis			✓	✓		✓				✓		✓
SPS information systems		✓			✓					✓		

<sup>10</sup> Laos is a country in accession to WTO. One outstanding priority need identified was assistance in an accelerated drive for WTO membership.

**Annex 1: Overview of outstanding SPS needs by country and region surveyed cont.**

	ASEAN sub-group			East African Community			Central America					
	Cambodia	Laos	Viet Nam	Kenya	Tanzania	Uganda	Costa Rica	El Salvador	Guatemala	Honduras	Nicaragua	Panama
Implementation of traceability systems				✓	✓	✓	✓		✓		✓	✓
Recognition of pest or disease freedom							✓					✓
Targeted assistance to the private sector				✓								
Enhancing SPS compliance in fisheries sector				✓		✓						
Assistance in vocational SPS training		✓			✓							
Upgrading of inspection and certification systems						✓				✓		