

CONCLUSIONS AND RECOMMENDATIONS
AID FOR TRADE WORKSHOP, MANILA, 18 SEPTEMBER 2007

Overview

1. The Standards and Trade Development Facility (STDF) brought together representatives of donors, international organizations and officials of Cambodia, Lao P.D.R., the Philippines and Viet Nam at the Asian Development Bank on 18 September 2007. The workshop discussed issues related to the mobilisation of capacity building resources with a geographical focus on SPS needs in Cambodia, Lao P.D.R. and Viet Nam.

2. The workshop considered the "demand" and the "supply" of SPS-related technical assistance for Cambodia, Lao P.D.R. and Viet Nam. Conclusions and recommendations were drawn on bridging the gap between on-going needs and the future supply of SPS assistance. Conclusions arising from the workshop were considered to have resonance for the wider Asian region.

The "demand side": SPS capacity building needs of Cambodia, Lao P.D.R. and Viet Nam

3. Benefits from SPS capacity building have typically been considered in terms of enhanced trading opportunities. However, SPS capacity building has important public and environmental health benefits. A good example is the spread of diseases such as Highly Pathogenic Avian Influenza (HPAI) and attendant risks to human health. SPS control systems should be considered as a global public good.

4. The control of animal and plant pests and diseases is essential for communities that rely on agriculture, forestry or fisheries as their primary source of income. Reduction of the pest and disease burden in developing countries has a key role to play in reducing the prevalence of food-borne maladies, hunger and extreme poverty. Assistance to strengthen sanitary and phytosanitary (SPS) control systems can thus help contribute to the achievement of the Millennium Development Goals.

5. The ability to control SPS risk is a key element enhancing participation of developing countries in the global trading system. Deficiencies in national systems create serious barriers to participation and result in trade restrictions. Such trade restrictions typically produce negative economic and social impacts. Lack of confidence in the ability of national SPS systems to communicate and control risks for trading partners can lead to similar restrictions. This confidence can be further eroded when the integrity of systems is undermined by concerns about governance.

6. Evaluations of the SPS capacity building needs of Cambodia, Lao P.D.R. and Viet Nam have been conducted by various international organizations and bilateral donors. These evaluations underline that significant progress has been made, but that long term SPS compliance challenges remain in Cambodia, Lao P.D.R. and Viet Nam. In Cambodia and Lao P.D.R., the situation is further complicated by the size of domestic markets, low investment levels and a shortage of qualified human resources. SPS controls also present governance concerns which can undermine the efficacy of controls and the confidence of trading partners in regulatory systems. Absent is a common agreement on a single evaluation of needs which is shared by donors, beneficiaries and international organizations with expertise in the SPS area.

7. A task considered critical is the need to raise awareness of the importance of investment in SPS control among politicians and senior decision-makers in beneficiary countries. Ownership of needs evaluations at a technical level must also to be accompanied by corresponding political and budgetary commitment from beneficiary governments. Such commitment among national stakeholders is essential for the long term sustainability of SPS-related technical assistance and

national SPS systems more broadly. The important role which civil society, notably consumer groups, can play in mobilizing this awareness was noted.

8. SPS constraints should not be considered in isolation from broader economic development needs, notably in relation to infrastructure and the overall business and investment climate. Of critical importance to consider are the needs of the private sector. The global trend towards greater firm level self-regulation in respect of SPS compliance reinforced this conclusion. The increasing prevalence of private standards, and requirements for so-called "continuous improvement", made SPS compliance a moving target. This shift in regulatory burden implied that the private sector must play an enhanced active role in the determination of needs and control of SPS problems at source. Assistance strategies should reflect this change and place greater emphasis on sensitizing the private sector on the need for proactive compliance strategies.

9. Finally, prioritization of action areas was considered essential to ensure that benefits from SPS-related technical assistance have an early impact on human health, poverty alleviation, income growth and enhanced trading performance. Sequencing was necessary and it was considered essential that attention is paid to basic compliance issues, such as hygiene, before more technical tasks are undertaken.

The "supply side": inventory of SPS related capacity building for Cambodia, Lao P.D.R. and Viet Nam between 2001-2006

10. Research on SPS assistance flows for the 2001-2006 period provides a benchmark against which to examine future Aid for Trade in this area. It also highlighted difficulties in monitoring assistance flows which may be germane for other thematic areas. Of particular importance was incomplete reporting to technical assistance databases and a lack of detailed project information and documentation. These difficulties served to underestimate assistance flows, both in a qualitative and quantitative sense, and presented an obstacle to co-ordination of effort between beneficiaries and providers – particularly with respect to avoiding duplication of effort.

11. Several "drivers" were identified for SPS assistance to Cambodia, Lao P.D.R. and Viet Nam including WTO accession, regional integration initiatives (notably the Asian Free Trade Area), SPS emergencies such as HPAI and the emergence of south-south co-operation frameworks, such as the Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy, was also noted.

12. Various concerns were raised with respect to the continuity and sustainability of SPS-related assistance. It was felt that the high number of short term technical training projects challenged the absorptive capacity of developing country administrations. The un-coordinated delivery of such assistance proved problematic for assistance providers and recipient alike.

13. Beneficiaries would welcome greater involvement in project conception and development. Long lead times between the design and implementation of projects could render projects irrelevant if conditions on the ground had changed by the time projects that commenced. The relative distribution of assistance between national, multi-country and regional levels was also an issue which prompted debate. There was a general feeling that some constraints could only be addressed at national level.

14. One conclusion which emerged strongly from beneficiary countries was an appreciation of the skills imparted by technical training. Representatives of Cambodia, Lao P.D.R. underlined the necessity and utility of such training to ensure that SPS officials had the necessary technical knowledge and skills to be able to carry out their functions. There was agreement that the challenge lay in retaining trained staff.

15. Assessment of the impact and effectiveness of previous technical assistance was problematic. Databases were incomplete and the recommendation was made that a national information focal point should be established in beneficiary countries. It was not possible to draw conclusions on the effectiveness of technical assistance provided as previous SPS-related assistance had not been monitored in any systematic way. Furthermore, there has been no work which attempts to determine "good practice" in this area.

Bridging the gap: recommendations on matching on-going needs with future supply of SPS-related technical assistance

16. It was recalled that economic integration processes which had catalyzed much of the provision of SPS-related technical assistance were still on-going. ASEAN continued to provide a focal point for these efforts. APEC had also recently announced that capacity building for food safety was a priority area.¹ Assistance would continue to assist countries tackle Highly Pathogenic Avian Influenza.

17. It was agreed that follow-up work through the STDF should bring bilateral donors, international and regional organizations and beneficiaries towards agreement on common SPS action plans for Cambodia, Lao P.D.R, and Viet Nam. A key element to these action plans was prioritization. Such common actions plans would greatly assist in coordination efforts between bilateral donors, organizations and beneficiaries.

18. SPS action plans should be mainstreamed into the broader national development strategies of each country. It was noted that the Enhanced Integrated Framework process could assist in helping mainstreaming SPS into broader trade and development strategies for Cambodia and Lao P.D.R.

19. It was further agreed that the design of future assistance projects should consider "good practice". Ensuring consistent quality control of assistance projects was an important element in this regard.

20. It was decided that a follow-up meeting between donors, international organizations and senior officials of Cambodia, Lao P.D.R, and Viet Nam should be held under the STDF umbrella in early 2008. In preparation for this follow-up meeting:

- Cambodia, Lao P.D.R, and Viet Nam countries would be invited to identify priority capacity building needs in the SPS area;
- Research would be undertaken to identify good practice in SPS-related capacity-building;
- Donors and international organizations would be invited to mobilize assistance around Cambodia, Lao P.D.R, and Viet Nam priority capacity building needs.

21. It was agreed that STDF work on good practice, co-ordination and the mobilization of SPS-related technical assistance could be extended to other regions in Asia in the future.

¹ Cambodia and Lao P.D.R. are not members of APEC.