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Mobilizing Aid for Trade for SPS-related technical cooperation in the Greater Mekong Sub-Region

Cambodia, Lao PDR and Viet Nam have witnessed sustained economic growth over the past decade, supported by reforms that promoted regional economic integration and international trade. Adequate management of sanitary and phytosanitary (SPS) issues is essential for agricultural development (by reducing losses from pests or diseases), to protect public health (by reducing incidence of food-borne and zoonotic diseases) and for market access (export growth by satisfying the SPS requirements of trading partners). Despite commonalities across Greater Mekong Sub-Region (GMS) countries, differences exist in income levels, trade flows and SPS capacities. Significant technical cooperation has been provided to help overcome SPS constraints. However, mobilizing additional Aid for Trade is essential to win the compliance challenge.

This briefing note describes work initiated by the Standards and Trade Development Facility (STDF) to strengthen the linkage between “supply” and “demand” of technical cooperation in the area of food safety, animal and plant health in the GMS.

Regional consultations and stocktaking

As part of the Aid for Trade Initiative, the STDF held a regional workshop in Cambodia (21-22 May, 2008) on the mobilization of capacity building resources in the SPS area. This workshop concluded a year-long process to synthesize the results of SPS capacity evaluation studies, conducted by international

organizations including the Food and Agriculture Organization (FAO), the World Organisation for Animal Health (OIE) and the World Bank, in the GMS.

The STDF work mapped existing and planned SPS assistance, and identified outstanding needs and “gaps”. A participatory process enabled national government agencies and development partners to agree on outstanding priorities.

Outstanding SPS gaps and priorities

Agriculture contributes to livelihoods, foreign exchange earnings, employment and food security in the GMS. Nevertheless, various food safety and agricultural health issues act as a brake on agricultural production and market access in the region, and negatively impact on public health. SPS technical cooperation in GMS has increased over the past decade. Donors have committed approximately US\$350 million to programmes which include SPS-related activities in the GMS for the period 2005-2013.

Yet, fundamental constraints persist. The components of SPS management systems — including institutional capability, regulations and standards, diagnostic capacity, surveillance, inspection and quarantine — require building or strengthening.

Key messages

- Trade from the GMS to the rest of the world has expanded by an average of 11% over the past decade. Compliance with SPS requirements is a key challenge to further unleash its export potential.
- Technical cooperation in South East Asia is driven primarily by regional economic integration. The Association of South East Asian Nations (ASEAN) Free Trade Agreement (FTA) and the GMS Cross-Border Transport Agreement are the main examples.
- Coordination in the provision of SPS assistance is crucial to avoid duplication, ensure synergies and maximize results.
- Global health hazards (e.g. Avian Influenza) attract significant attention and financing. But balancing assistance across all SPS disciplines is important.
- SPS action planning helps to identify priorities and to mobilize resources to address them.
- The transboundary nature of many SPS issues requires regional collaboration to complement capacity building at the country level.
- Concessional lending, South-South cooperation (mainly led by China and Thailand), and nationally managed multi-donor basket funds are emerging as alternatives to traditional funding mechanisms.

Regional level SPS priorities for the GMS

- Developing practical competencies in risk analysis and management;
- Building on existing initiatives that promote equivalence and harmonization between countries in the region and with ASEAN;
- Preparing risk-based lists of plant pests and products for intraregional trade;
- Setting up cross-border programmes for the containment and reduction of priority animal diseases and plant pests;
- Collecting and exchanging information about major SPS risks;
- Assisting the private sector to minimize food safety risks in both domestic and international trade;
- Improving monitoring of the use of veterinary drugs and agrochemicals, in particular information exchange on registration systems and banned agrochemicals;
- Assessing diagnostic facilities to establish networks of laboratories and experts, etc. at national and regional level.

Lessons and experiences

Use existing SPS capacity evaluations as the starting point for further interventions. To avoid duplication of effort, technical cooperation actors would greatly benefit by using existing SPS evaluations to set priorities and plan new interventions. In addition to area-specific evaluations, cross-cutting or sectoral evaluations such as Diagnostic Trade Integration Studies (DTIS) should also be taken into account.

Promote a common vision and coordination. Consultation among national stakeholders directly or indirectly involved in the SPS area promotes a common vision of outstanding needs which ensures coherence, effectiveness and sustainability of capacity building initiatives.

Adopt regional responses to regional needs. Similar agro-ecological characteristics, including the prevalence of many common endemic pests and diseases, make the containment of SPS risks a shared concern across the region. The challenge is

exacerbated by long porous borders and substantial trade flows. Official trade in agriculture, food and forestry products among GMS countries amounted to US\$7 billion in 2007. Total cross-border trade is believed to be as much as 25% higher due to the significant volume of unrecorded trade.

Make prioritization the lynchpin for resource mobilization.

Prioritization by beneficiaries of their SPS needs is a basis to mobilize resources for future interventions. This also promotes coordination among technical cooperation providers.

Make SPS a cornerstone of growth and poverty alleviation.

This can be achieved by raising the profile of SPS at the national and international level, and mainstreaming SPS into development and sectoral policies. Raising awareness about the returns on investments in the SPS area (e.g. benefits for market access, agricultural productivity and public health) can help access other funds (e.g. trade facilitation, private sector development or trust funds tied to the Enhanced Integrated Framework).

Recent developments in SPS technical cooperation in the GMS

Examples of needs that were identified and addressed as a result of the STDF regional consultation include:

- **GMS Action Plan on improved SPS handling in GMS-Cross border trade.** STDF work enhanced the development of this Asian Development Bank (ADB)-led initiative.
- **Quality and safety of fruit and vegetables in Viet Nam.** STDF is funding a two-year project to enhance capacity in this area.
- **Cambodia's SPS Action Plan.** Funded by the STDF to help clarify institutional issues and mobilize additional resources to address SPS needs.
- **ADB SPS Standards Management Systems project in Cambodia.** It aims to delineate responsibilities amongst SPS agencies, enhance the capacity of service providers and the Institute of Standards.

Further information

- For presentations from the STDF Workshop and related documents see: www.standardsfacility.org