

STDF PROJECT PREPARATION GRANT (PPG)

APPLICATION FORM

The Standards and Trade Development Facility (STDF) provides Project Preparation Grants (PPGs), up to a maximum of US\$50,000, for the following purposes (or a combination thereof):

- application of SPS-related capacity evaluation and prioritization tools;
- preparation of feasibility studies that may precede project development to assess the potential impact and economic viability of proposals in terms of their expected costs and benefits; and/or
- preparation of projects proposals that promote compliance with international SPS requirements, for funding by the STDF or other donors.

Applications that meet the STDF's eligibility criteria are considered by the STDF Working Group, which makes the final decision on funding requests. Complete details on eligibility criteria and other requirements are available in the *Guidance Note for Applicants* on the STDF website (www.standardsfacility.org). Please read the *Guidance Note* before completing this form. Completed applications should be sent by email (as Word documents) to STDFSecretariat@wto.org.

PPG Title	Piloting the use of Third Party Assurance (TPA) Programmes to improve food safety outcomes for public health and trade in Central America
Budget requested from STDF	US50,000
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I. BACKGROUND AND RATIONALE

1. What is the purpose of this PPG? Explain whether it is requested to: (i) apply an SPS-related capacity evaluation or prioritization tool; (ii) prepare a feasibility study (prior

to project development) to assess the potential impact and economic viability of proposals in terms of their expected costs and benefits; and/or (iii) prepare a project proposal for consideration by the STDF or other donors?

The purpose of this PPG is to develop a project to test and assess how voluntary Third-Party Assurance (TPA) programmes may be used in practice by government authorities in developing countries to improve food safety outcomes for protection of consumers health and fair practices in the food trade, based on public-private collaboration. The project to be developed would pilot the use of TPA programmes in selected developing countries. It would be based on a collaborative approach involving food safety regulatory authorities, other relevant government agencies and the private sector.

The PPG would be used to develop this project proposal. It would enable government agencies and private sector stakeholders in the developing countries submitting this application to discuss and agree, in collaboration with other relevant stakeholders with expertise to share on this subject, on the substance and details of a regional project.

The PPG would provide a means to have in-depth discussions with these stakeholders on the design and implementation of a project to pilot the use of TPA programs, based on a public-private collaborative approach. It would enable these stakeholders to: (i) discuss the context, needs and opportunities that exist for regulatory authorities in their countries to make use of voluntary TPA programs to improve food safety outcomes; (ii) discuss and agree on the key elements of a regional project proposal including the objective, approach, logical framework, budget and timeframe, specific roles and responsibilities, assumptions and risks, implementation and management, monitoring and evaluation, etc.; and (iii) agree on the specifics of their expected role and involvement in a regional project.

The intention is to submit the project application developed through this PPG to the STDF while simultaneously exploring other opportunities for funding.

2. Explain the key SPS problems and/or opportunities to be addressed. Clarify why these issues are important, with attention to market access and poverty reduction. Describe, if relevant, how these issues relate to SPS priorities in the Enhanced Integrated Framework's Diagnostic Trade Integration Studies (DTIS), the findings of SPS-related capacity evaluations, national poverty reduction strategies, sector development strategies or policies, etc. See Qn. 7. (b) – (d) of the Guidance Note.

Voluntary third-party assurance programmes are formal, documented food safety systems to improve food safety outcomes. In most cases, the private sector develops and manages these programmes though in some countries (e.g. India, Thailand) government authorities responsible for private sector and industrial development also develop and promote the use of TPA programmes focused on food safety.

The STDF/IDB publication on the role of PPPs to strengthen SPS capacity (2012), and STDF PPP seminar (in collaboration with The Netherlands and World Bank Institute in 2010), identified and analysed the use of TPA programmes in some countries (UK, the Netherlands) to inform official risk management decision-making processes and better target scarce resources. Since then, the trend towards increased collaboration across regulatory authorities and the private sector has continued, for instance in Canada, the United States, Mexico, etc. This was also recognized in the STDF PPP concept note, discussed by the STDF Working Group in March 2018.

Making use of information and data from TPA programmes is expected to provide a means for competent authorities to improve food safety practices in a particular sector, which may allow them to focus their limited inspection resources on areas of higher risk. TPA programmes have the potential to deliver other benefits, such as flexibility to respond to changing conditions, greater efficiency, increased buy-in by the private sector, improved compliance, etc.

Historically, developing countries have raised concerns that TPA programmes do not take into account the unique circumstances of developing countries and producers in their countries. They have pointed to risks and challenges associated with the use of TPA programmes, including their

accountability and legitimacy, affordability for small and medium-sized food business operators, and the risk that they contribute to the creation of a dual certification system at the national level.

FAO has highlighted these opportunities and challenges in a paper discussed by the Codex Alimentarius Commission in 2010. This paper notes: "Certification to private sector schemes has been shown to provide a driver for improved hygienic practices by food chain operators and it has been shown to create opportunities for developing country producers to access markets that would otherwise not have been open to them. Furthermore, some developed countries are considering ways of integrating private standard certification into overall national systems of food control to strengthen public health protection. A major concern about the standards, however, is that they are disproportionately burdensome to small-scale operators and sometimes unnecessarily so."¹

The PPG would be used to develop a full proposal for a [regional/global] project that engages relevant public and private sector stakeholders in the applicant countries to pilot the use of TPA programmes in a specific commodity/sector/supply chain in each of their countries.

The Codex Committee on Food Import & Export Inspection & Certification Systems (CCFICS) is currently developing Guidance on Regulatory Approaches to Third Party Assurance (TPA) to strengthen national food control systems.² This work is at a very early stage and the timeliness of the PPG and the pilot project (to be developed through the PPG) would provide practical experiences and lessons to inform and support the ongoing development of this Codex Guidance. Given the limited overall experience in this area, the pilot project (to be developed through the PPG) would be of value to ensure that the resulting Guidance developed by CCFICS is as relevant and practical as possible for developing countries.

The applicant countries have each selected specific commodities, products or supply chain, based on local demand and the specific context.

The focus would be on the following:

- Belize: fruits, vegetables and grains
- Honduras: fruits, vegetables, farmed shrimp

The project to result from this PPG would provide a practical way to improve understanding about how different approaches to TPA programmes (including information and data generated by TPA auditors) may be used in developing countries to bolster compliance and build confidence in the country's national food control system (NFCS). Specifically, the resulting project would help to analyse and assess:

- the feasibility, practicability, challenges (e.g. costs, affordability for SMEs, legal aspects) and different types of models of using voluntary TPA programmes in developing countries; and
- outcomes and benefits for government and private sector stakeholders. For instance, identifying how TPA programs support regulatory authorities (e.g. by improving risk-profiling of food businesses, better prioritization of resources) and the private sector (increased confidence in levels of compliance with regulatory requirements, improved food safety outcomes at industry / sector level).

As such, the stakeholders submitting this PPG application believe the resulting project will contribute to other development impacts in their countries. The governments of Belize and Honduras and their agro-productive sectors are pursuing this PPG because they believe that the resulting project will help to increase the competitiveness of Belizean and Honduran products in regional and international markets. Both countries are part of the Central American Integration System (SICA, in Spanish), which provides a mechanism by which this PPG and/or a resultant project can be shared with and extended to other countries in the Region. In addition, improved understand of the use of TPA will likely be very relevant to the Central American Customs Union (CACU).

¹ FAO. 2010. Private Food Safety Standards: Their Role in Food Safety Regulation and their Impact. Paper prepared by Renata Clarke for presentation and discussion at the 33rd Session of the Codex Alimentarius Commission. See: <http://www.fao.org/docrep/016/ap236e/ap236e.pdf>

² The UK Food Standards Agency is chairing this work, together with the Canadian Food Inspection Agency and Mexico as co-chairs.

In both Belize and Honduras, the project may build on an existing TPA program or develop a new TPA program, depending on the specific context and needs.

3. Which government agencies, private sector, academic or other organizations support this PPG request? Letters of support from each of these organizations would be advantageous (Appendix 1). See Qn. 7. (e) of the Guidance Note.

This application is based on demand from the public and private sector in selected developing countries. Implementation of the PPG (and the resulting project) would be based on a public-private partnership model, between the competent authorities within the selected countries and selected producer associations or cooperatives.

The following organizations support this request:

Country: Belize
Belize Bureau of Standards,
Belize Agricultural Health Authority
Belize Agro-Productive Sector (BASGroup):

The BASGroup is an association of several farming groups and agro producers and traces its roots back to the year 2000 when the Government of Belize established the Belize Commodities Secretariat. At that time, the board level governance of this entity was 40% government and 60% private-sector representation. The Secretariat then evolved into a fully government controlled entity and was placed under the Belize Trade and Investment Development Service (BELTRAIDE), which is a statutory body that eventually became a part of the Ministry of Foreign Trade. Finally, in late 2005, the entity was transitioned into a fully private-sector body as a legally registered entity.

Currently, the BASGroup is a private sector body that represents approximately some 55% of the agro-productive sector. It is comprised of all the large-scale farming communities producing grains, beans, livestock, dairy, poultry and approximately 40% of the citrus sector and other value-added, agro-processed crops such as cacao, etc. It currently consists of 7 large farming groups as members, namely Belize Citrus Mutual, Spanish Lookout Farming Community, Blue Creek Farming Community and the farming communities of Little Belize, Shipyard, Indian Creek and Neuland. Each of these members consists of dozens to hundreds of large, medium and small-scale agro-producers and agro processors, many of whom are organized into local cooperatives. In the recent past, the sugar industry – through BSI, the shrimp growers, and 100% of citrus and bananas were also members of the BASGroup but these fell away over the years due to various factors. The BASGroup is actively seeking to once again have these stakeholders involved in the organization.

Country: Honduras
National Agricultural Health and Food Safety Agency (SENASA)
Federación de Agroexportadores de Honduras (FPX)
Secretaría de Industria y Comercio
El Consejo Hondureño de la Empresa Privada (COHEP)
Federación Nacional de Pescadores de Honduras (FENAPESCAH)

In addition to the two beneficiary countries, this request is supported by Mexico and Chile:

Country: Mexico
Servicio Nacional de Sanidad, Inocuidad, y Calidad Alimentaria (SENASICA), Dirección General de Inocuidad Alimentaria, Acuícola y Pesquera

It is important to note that the GFSI formed a partnership with SENASICA around aspects associated with third-party certification. Specifically, GFSI and SENASICA developed a partnership that will allow them to fulfil their common goal of providing continuous improvement in food safety management systems to ensure confidence in the delivery of safe food to consumers worldwide. This partnership focuses on two aspects: Enabling private schemes to act under Mexican regulation in addition to the Certification of the official scheme, which will significantly increase the volume of officially certified products and subsequently ensure confidence in the delivery of safe food to

consumers worldwide. Secondly, GFSI and SENASICA will work closely together on the enhancement of the Global Markets Program in Mexico.

Country: Chile

Agriculture Ministry – Chilean Agency for Food Safety and Food Quality (ACHIPIA)
Coordinating Committee for Codex Alimentarius in Latin American and the Caribbean (CCLAC)
Servicio Nacional de Pesca y Acuicultura (Sernapesca)

It is important to note that Chile is a co-chair of CCFICS Technical Working Group, which means it can share relevant experiences from the region, which Belize and Honduras can learn from.

We envision this PPG as the first step in a broader regional effort. Belize and Honduras are the initial target countries and we plan to use expertise from other countries in the Americas (Mexico and Chile) in order to capitalize on lessons learned, promote communication and harmonization, and reduce redundancy. In particular, involvement of two supporting countries with strong aquaculture programs will be beneficial to the successful implementation of this PPG. In addition, we plan to increase the visibility of issues around TPA and the successful implementation of Codex guidance by involving CCLAC in the development of this PPG. The CCLAC can also disseminate experiences as well as lessons learned.

We view IICA as an ideal implementing partner, based on the Institute's experience implementing national and regional projects and its network for technical experts.

In addition, this PPG request has been discussed with, and has the support of:

- The UK Food Standards Agency
- The Canadian Food Inspection Agency
- UNIDO
- STDF Partners (FAO and OIE)
- Global Food Safety Initiative

Implementation of the PPG would draw on and seek to ensure synergies with relevant work of STDF partners (including FAO) and other members of the STDF (e.g. IICA, UNIDO), as well as other relevant ongoing work by food safety regulatory authorities in STDF donor countries.

The Canadian Food Inspection Agency (CFIA) and United Kingdom Food Standards Agency (UKFSA) have offered in-kind support in the form of technical expertise to support work under this PPG and the resulting project. Subject to further discussions, and based on the country demand and context, this may include:

- Support to create, develop and/or use sector-specific TPA programmes for food safety and to integrate these TPA programmes into food safety regulatory oversight mechanisms in the participating countries; and
- Expert advice, including guidance and training on implementation, maintenance and auditing of food safety practices in accordance with national and/or international standards adopted by the Codex Alimentarius.

The expertise and guidance provided by CFIA and UKFSA would draw on, and be informed by, relevant initiatives and experiences in Canada and the UK (e.g. Red Tractor programme³), as well as elsewhere.

4. How does this PPG complement and/or build on past, ongoing and/or planned national programmes and/or donor-supported projects? See Qn. 7. (f) of the Guidance Note.

³ Red Tractor was established in 2000. It is now the UK's biggest farm and food standards scheme, covering all of animal welfare, food safety, traceability and environmental protection.

The PPG is also closely linked to the ongoing work within CCFICS – endorsed by the 40th session of the Codex Alimentarius Commission (July 2017) – to develop guidance for Codex members on the use of third party TPA programmes by competent authorities. The PPG is very timely in view of this ongoing work by CCFICS. The resulting project will help to prepare the beneficiary countries to integrate the approach proposed in the Codex guidance into their newly-strengthened National Food Control Systems.

This PPG complements and builds on previous STDF thematic work on PPPs including:

- “Public-Private Partnerships to enhance SPS capacity: What can we learn from this collaborative approach?” which includes attention to how some governments are making use of third party assurance to inform food safety risk profiling and risk management; and
- “The implementation of SPS Measures to facilitate safe trade - Selected Practices and Experiences in Malawi, South Africa and Zambia,” which recommended exploring options to further enhance risk-based SPS inspection systems through the development of authorized trader schemes that enable traders certified to voluntary standards to be subjected to fewer inspections, compared to traders without third-party certification.

It would also help to inform future STDF work on PPPs (discussed at the STDF Working Group meeting in March 2018). In addition, there are synergies to other STDF-funded projects, including:

- [“Market-Oriented Training Service on Standards Application in Nicaragua”](#) which supported the development of certification bodies for the validation of competency of persons, establish SPS training units, disseminate implementation of SPS and quality through a process of training farmer groups and establish a certification model for trainers in specific areas for selected export crops.
- [“Development of an accredited certification scheme for processed food products in Guatemala,”](#) designed to develop a HACCP-certified system for food exports, including a legal framework for a voluntary HACCP program officially recognised by the Ministry of Health.

While the current PPG focuses on Belize and Honduras, we anticipate that the PPG and resultant project will build on previous STDF investments in Central America and eventually result in more efficient and robust certification systems at both the national and regional levels.

5. Have you discussed this PPG request – or funding for the project proposal which would result from it – with any potential donors (bilateral, multilateral, Enhanced Integrated Framework, etc.)? If so, provide details below and indicate potential sources of funding for the resulting project. See Qn. 7. (g) of the Guidance Note.

It is expected that the project to be developed through this PPG would be submitted for consideration by the STDF due to the innovative and collaborative nature of this project, and the opportunity to learn from and disseminate.

This PPG request has also been discussed with relevant government authorities in selected STDF donor countries (i.e. Canada, UK), as well as selected STDF partners (FAO, OIE) and other organizations (IICA, UNIDO, GFSI). There may be opportunities to mobilize resources or in-kind support / expertise (for instance to share experiences from developed countries, and/or guide and coach stakeholders on TPA programmes) for the resulting project. This would be explored during the PPG process.

IICA currently implements capacity building projects with the Central American Customs Union (CACU) valued at approximately \$200,000-\$400,000 per year. While TPA is not currently a central focus of this work, these projects broadly seek to reduce barriers that impede trade while maintaining the health status of countries in Central America. As such, should this PPG and a subsequent project move forward, IICA would work to include this topic in the larger CACU agenda.

6. Briefly explain how cross-cutting issues (e.g. related to gender, the environment) are relevant for this PPG and, if appropriate, how they will be addressed.

Women have an important role in the value chains to be covered by this PPG and the resulting project will highlight the importance of their role in agriculture in Belize. They play an integral role throughout the production chain being involved from farming, harvesting and in particular the packing facilities.

The resulting project would therefore take into account gender aspects, and would provide relevant and useful experiences and findings on the gender-related aspects of TPA programmes. The evaluation and analysis of different TPA approaches in different countries would consider gender and analyse the gender-related aspects. For instance, do TPA programmes have a positive benefit on women including members of female, women producers, etc.? Does the use of TPA programmes have any unintended consequences for gender? Under what conditions, can women engage and/or benefit more from TPA programmes?

II. IMPLEMENTATION & BUDGET

7. Who will take the lead in implementing this PPG? If particular national experts and/or international consultants are proposed, attach a copy of their Curriculum Vitae and record of achievements (Appendix 2). If no names are provided, the STDF will provide a shortlist of consultants if the PPG request is approved.

An experienced consultant (or team) would lead implementation of the PPG with expertise in the use of TPAs, as well as project development. IICA will use its network of offices and technical specialists to support the consultancy and facilitate inclusion of stakeholder in the project development process. IICA has demonstrated expertise in this area, including south-south cooperation, and will work with experts from outside of the two target countries (Mexico and Chile, for example) that have expressed interest in supporting this project. Public and private sector stakeholders in the applicant countries would be fully engaged in this process in order to ensure that the resulting project meets their needs and local contexts.

8. In the table below, briefly describe the main activities to be carried out under this PPG and specify who would be responsible. Provide an estimate of the budget required (e.g. for national/international expertise, travel and DSA of consultants, stakeholder meetings or workshops, general operating expenses, etc.).

Activity	Responsible	Estimated Budget (US\$)
International Consultant (contract period not to exceed 30 days)	IICA	\$20,000
Travel Expenses: field missions and stakeholder consultations	IICA	\$18,000
Meeting expenses: Expert and stakeholder consultations	IICA	\$7,000
General operation costs	IICA	\$5,000
Total Cost		\$50,000

Appendixes

Appendix 1: Letters of support from each of the organizations supporting this proposal.