

Donor Support for SPS Capacity Building: Taking Stock and Drawing Lessons

This study involves a selective review of international experience involving donor agency support for sanitary and phytosanitary (SPS) capacity-building in developing and transition countries. The basic objective of the work is to draw out a range of operational lessons from on-going or recently completed projects/programs which can inform the design of future support efforts in this field, whether by the World Bank or other multilateral or bilateral agencies.

The focus of attention will be on projects and programs seeking to strengthen—either within the public sector or private sector—various technical capacities, SPS-related managerial and informational systems, and approaches for verification and certification of products. Primary attention will be given to those capacity-building programs which are especially oriented toward enhancing the competitiveness and international market access of food and agricultural exports (rather than programs geared more toward domestic food safety or animal/plant protection).

The review will be selective rather than comprehensive and forward-looking rather than evaluative in nature. To draw lessons from past/on-going experience, the study team will seek information—through documentation and discussions with participating donor agency staff—related to the design, modes of implementation, and outcomes/impacts of particular projects or programs from several multilateral and bilateral agencies. The results and conclusions of the review will be shared with the cooperating agencies.

Background

As tariff and quota barriers to trade in agricultural, food, and manufactured products are being reduced, there is growing concern about the actual and potential impact which a widening array of standards and technical regulations are having on trade and especially on the benefits of trade for developing countries. There is now a proliferation of national, international, and private standards related to products, production processes, and their environmental or social impacts. These standards are being driven by various forces, including scientific advances, consumer preferences, and strategic competitive interests. Depending upon the particular industry or market circumstances, standards can either facilitate or constrain international trade, promote or block competition, raise or lower economic efficiency, and enable or inhibit the participation of the poor in remunerative economic activities.

The proliferation and increased level of standards poses challenges for developing countries—for example, in meeting international obligations, and in enhancing private and public capacities to cost-effectively meet external regulatory or supply chain requirements. Yet, standards may play a catalytic developmental role, stimulating new investments, enhancing the sustainability of production systems, improving worker and consumer welfare, and fostering improved public-private collaboration. While developing countries have limited influence over the setting of many internationally-recognized standards, they do have room for maneuver in designing policy and strategies to ensure compliance with these requirements—and hence, continued international market access and competitiveness.

In formulating and implementing these strategies, developing countries (and particular industries therein) are seeking increased external assistance as called for under the Agreement on the Application of Sanitary and Phytosanitary Standards (SPS). The provision of technical assistance and other capacity-building measures in this area under World Bank-supported projects is presently modest yet expanding and there appears to be a considerable amount of additional demand in this area from the Bank's clients. Yet, before launching an expanded program of support in this area, it is important to take stock of existing donor interventions and draw some operational lessons from this experience.

Over the past decade or so many development agencies have initiated projects or programs aimed at building awareness about SPS matters and/or strengthening developing country capacities to implement SPS measures. That capacity building has ranged from short-term technical assistance and training to more elaborate programs and projects to strengthen the marketing and export infrastructure, both in terms of physical assets (i.e. cold stores; laboratories) and knowledge and management systems. These interventions by various donors and agencies have frequently not been well coordinated. The SPS Committee has produced a taxonomy that is being employed to monitor the technical assistance being provided by WTO Members. However, this essentially represents a 'record' of assistance rather than an attempt to coordinate responses to requests for technical assistance from developing countries. Further, there has been no attempt to compare and contrast the assistance that has been provided in terms of its efficacy, efficiency, and sustainability in addressing the needs of developing countries.

Scope and Method of the Review

The proposed study will involve a pragmatic and selective review of international experience involving donor agency support for SPS capacity-building in developing countries. The SPS field is extremely broad and embraces aspects of domestic public health and a wide range of agricultural and related services and systems. Resource constraints require that this review be selective rather than comprehensive. The focus of attention will be on examining projects and programs seeking to strengthen public and/or private SPS capacities which are specifically required for *competitive export-oriented food and agricultural activities*. Interventions geared toward enhancing domestic public health (through food safety measures), improving animal health/disease control for the domestic market, or measures to protect domestic plants/crops from imported pests/diseases will not be reviewed here as more attention has been given to 'good practice' assessment in these areas.

Technical areas for which donor support has been provided (to the public and/or private sectors) and which are likely to be considered in the review including the following:

- Development of information systems/administrative structures to identify/assess SPS requirements in export markets;
- Registration and regulated application of agrochemicals, animal feed and other inputs (in relation to export-oriented production);
- Development of monitoring and surveillance systems (including epidemiological);
- Develop/strengthen capacities for risk assessment (related to food safety and animal and plant health, as pertaining to exports);
- Pest control and eradication (i.e. establishing/maintaining pest-free areas for exports)
- Establishment/maintenance of systems for hygienic practices in the handling, transformation and packaging of food products (i.e. training for adoption of HACCP; packhouse infrastructure upgrading)
- Promotion of 'good agricultural practice' (GAP) and 'good manufacturing practice (GMP) where required for external market access;
- Develop systems for monitoring, testing, and control of pesticide residues in food products;
- Monitoring, testing, and control of microbiological agents, chemical and other contaminants, or extraneous matter in food products;
- Measures to achieve accreditation of regulatory (including 'competent authorities') and testing agencies;
- Developing systems for identification and traceability of products and raw materials;
- Developing systems for verification, conformity assessment and certification of products (i.e. quality, authenticity, safety, organic status)

The universe of projects/programs for possible review will consist of those supported by a selected number of multilateral agencies and bilateral agencies. Coverage of the former is likely to include programs/projects of the World Bank, FAO, and UNIDO. The bilateral programs to be considered will likely be from among those of USAID/USDA, the European Union, and perhaps others, depending upon the availability of information.

Approach and Analytical Themes

Due to resource constraints, the review will not involve any field visits to developing countries. Instead, information and insights will be obtained largely from project documentation, together with interviews with selected project coordinators and thematic managers at development agencies. At each of the focal agencies key personnel working in the SPS field will be identified. Lists of past and current projects will be obtained which have at these some and preferably a substantial SPS capacity-building component. Any available documents which provide a review/evaluation of broader support programs in this field will be sought and consulted. For each agency, a limited subset of projects will be identified for particular attention. The criteria for selection will include: country(ies) of focus; technical or commodity areas of focus; availability of project documentation and/or coordinating personnel; and the presence of some especially innovative or problematic feature. Taking the different agencies together, it is likely that about 25 to 30 projects will be reviewed, perhaps ten of which will be existing or recently completed projects supported by the World Bank.

The basic objective of the work is to draw out a range of operational lessons from on-going or recently completed projects/programs which can inform the design of future support efforts in this field, whether by multilateral agencies or bilateral agencies. To identify these lessons, the team will seek information about (i) the design of particular projects/programs, (ii) the modes of (and obstacles faced in) implementation, and (iii) the project outcomes and impacts. Some of the themes to be explored will include the following:

Project/Program Design

- *Origins of Project/Program:* How was the need for SPS support identified? Did the private or the public sector bring it up? What were the catalysts? Did the country/industry experience a trade ban? Were there complimentary trade liberalization measures going on? Was it part of a wider program in export competitiveness?
- *Geographical and Industrial Location:* Was the project part of a wider regional/multi-country program or was it focused on one country? If the latter, was it national or subregional in scope or was it simply focused on particular industries? What was the justification for this focus?
- *Life-Cycle Issue:* When in the life-cycle of the supported industry(ies) did it occur (i.e. at an early stage; when the industry was already quite mature) What lessons can be learned from this?
- *Participation in Design:* Who participated in the design of the program/project? What lessons can be learned from this based on the subsequent implementation experience?

- *Scope of the Program/Project:* How narrow or broad-based was the initiative? Did it focus on a few very specific capacities or was it more generic? Were the specific capacities supported pre-identified or did they emerge in the course of the project? What was the blend of support in terms of regulatory/policy reform, physical infrastructure and knowledge/management systems? What was learned about the complimentary or blending of this support?

Project Implementation

- *Means of Implementation/Conduit for support.* Was the support channeled through the public or the private sector? or through an independent or autonomous agency? What were the overall administrative arrangements for implementation? What were the strengths and weaknesses of these arrangements? What lessons were learned?
- *Provision of Technical Support:* Was the technical expertise for capacity strengthening drawn from local, regional, or international sources? Was this provided on a short-term or longer-term basis? What lessons were learned from this experience?
- *New vs. Strengthened Capacity:* If the support involved institutional capacity building measures, were new institutions created (public, private)? Or were the responsibilities of existing institutions modified? Did it involve restructuring of public sector institutions? What lessons were learned?
- *Physical Infrastructure:* If the support included the direct provision of physical infrastructure and equipment, how was such a program financed? Was there any cost recovery? and what was the sustainability of such efforts? Was this managed by the private or public sector? What were the indications of the demand for this infrastructure and the inadequacy of existing infrastructure (i.e. labs) in the public or private sectors?
- *Overall Target of Support:* Was the bulk of support under the project directed toward the public sector, toward individual private companies/entities, or toward collective (i.e. associations) or autonomous agencies? If directed at one or the other, what roles were played by other stakeholders who were not the direct focus of the capacity-building efforts?
- *Finance:* In what forms were resources provided under the project? Was this a loan or grant and what role was there of matching grants? If grants/matching grants were provided to private sector entities, what criteria were used in their allocation? What cost recovery measures were included more generally in the project?
- *Obstacles:* What were the major obstacles facing effective implementation of the project? Did these result in a shift in objectives, in management arrangements, or in the relative emphasis put on different components?

Project/Program Outcomes/Impacts

- *Attainment of Objectives:* Did the project achieve its initial or revised objectives? How was this measured or determined? What input and what output indicators were used to determine this? If one or more objectives were not achieved what were the major contributing factors?

- **Impacts:** What are the most important impacts which can be partially or substantially attributed to the project/program? What other factors played an important contributing role in enabling these impacts?
- **Sustainability:** What evidence is there that the services provided, capacities strengthened, and/in infrastructure developed can be sustained by the country/industry following the completion of the project? If sustainability is a problem, what might have been done to increase its likelihood?
- **Overall Assessment:** What were the main strengths and weaknesses of the approaches taken to strengthen SPS capacity in this project/program? What potentially important elements may have been omitted from the original/revised design of the project? What are the two or three main take-away lessons from the project?

Audiences and Timetable

The conclusions of the review will be disseminated to World Bank staff in operations to help them in the design and supervision of projects which include components covering SPS capacity-building. The conclusions of the review will also be shared with staff and managers at other agencies which have cooperated in the preparation of the review. If warranted by the results, the conclusions and recommendations of the study will also be shared with policy-makers and technical specialists in developing client countries.

The review of project documentation and visits to partner agencies will take place over the August – October 2003 period. A draft report will be prepared and distributed by November 30 and the final report by December 19, 2003.

Review Team

This review exercise is being coordinated by Steven Jaffee of the Bank's International Trade Department. The core team involves Vicente Ferrer and Mirvat Sewadeh, consultants. Advisory input is being provided by Cees van der Meer, Cees de Haan, and Spencer Henson.