



Technical Assistance Report

Project Number: 43120
R-CDTA
June 2012

Improving Sanitary and Phytosanitary (SPS) Handling in Greater Mekong Subregion (GMS) Trade

Asian Development Bank

ABBREVIATIONS

ADB	=	Asian Development Bank
AFF	=	agriculture, food and forestry
ASEAN	=	Association of Southeast Asian Nations
GMS	=	Greater Mekong Subregion
IPPC	=	International Plant Protection Convention
OIE	=	World Organization for Animal Health
RCSP	=	Regional Cooperation Strategy and Program
SF	=	Strategic Framework (GMS)
SPS	=	Sanitary and phytosanitary
TAD	=	transboundary animal diseases
TOR	=	terms of reference
WHO	=	World Health Organization
WTO	=	World Trade Organization

TECHNICAL ASSISTANCE CLASSIFICATION

Type	–	Regional - Capacity Development TA
Targeting classification	–	General intervention
Sector (subsectors)	–	Industry and Trade (agriculture production and rural sector development, livestock, tertiary and higher education, trade and services)
Theme (subthemes)	–	Themes (subthemes): Regional cooperation and integration (trade and investment); Economic growth (promoting economic efficiency and enabling business environment); Capacity development (institutional development); Social Development (human development); some gender benefits.
Location impact	–	Location impact: Rural (Medium), National (Medium), Regional (High)

NOTE

In this report, "\$" refers to US dollars.

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I. INTRODUCTION

1. The Greater Mekong Subregion (GMS) has experienced fast economic growth and improved infrastructure and trade connectivity in the past decade. Trade in agriculture, food and forestry (AFF) products plays a prominent role in intra-GMS trade and is on the rise, but is increasingly subject to more stringent Sanitary and Phytosanitary (SPS) requirements imposed internationally under the World Trade Organization (WTO) SPS framework. At request of the countries, the ADB approved the concept paper for the Proposed Loans/Grant/R-CDTA/R-PPTA on Trade Facilitation: Improved SPS Handling in GMS Trade in November 2011 and provided regional project preparatory technical assistance (PPTA) to help Cambodia, the Lao People's Democratic Republic (Lao PDR) and Viet Nam design SPS projects that form part of the regional SPS project, and outline output, activities and implementation arrangements of regional capacity development TA (R-CDTA).¹

II. ISSUES

2. The GMS Regional Cooperation Strategy and Program (RCSP) focuses on connectivity and competitiveness. While recent investments in physical infrastructure have created new opportunities for trade, the GMS governments increasingly realize that weak legal, institutional and administrative capacities hinder the optimal use of infrastructure and are insufficient to address trade-related health hazards. A number of initiatives have consequently been launched to overcome such constraints, including the GMS Cross-Border Transport Agreement (CBTA). The midterm review of the 10-year (2002–2012) GMS strategic framework (SF) reaffirmed the importance of trade and transport facilitation initiatives, including strengthened SPS capacity and cooperation. The essential SPS issues that need to be resolved in order to meet the development needs of the GMS region were identified and a GMS Action Plan for SPS arrangements, 2010–2015 was formulated.

3. Trade among GMS countries is growing more rapidly than external trade. This is particularly so in the case for AFF trade for which SPS measures apply. With rising incomes across most GMS countries, total recorded exports of AFF products among GMS countries reached US\$ 9.27 billion in 2009. From 2000 to 2009, total GMS AFF exports increased more than fourfold. \$4.5 billion of AFF exports were Thai exports to other GMS countries, approximately \$2 billion were Viet Nam exports, and \$1.7 billion were from PRC. Lao PDR and Cambodia AFF exports were relatively smaller, but still substantial at \$333 million and \$285 million respectively. Trade concentration (i.e. total GMS destined exports as a percentage of total exports in AFF) also increased from less than 7% in 2002 to nearly 14% in 2009. In order to benefit from international rules and not to be negatively affected by them, GMS countries, especially Cambodia and Lao PDR need to set up modest cost-effective SPS systems. Viet Nam also still has much to do to build effective SPS capacities.

4. In GMS, some AFF products face more costly and complex SPS requirements than others; such high-sensitivity products include live animals, dairy, meat, fish, fresh fruit and vegetables. SPS low-sensitivity products include grains, beverage crops, and most non-food products. Non-GMS and GMS countries alike increasingly apply the WTO principles in their import requirements,² and this means that: (i) more stringent international standards are being

¹ The Viet Nam project is under processing and may form part of the regional project under separate approval.

² The Association of Southeast Asian Nations (ASEAN) and GMS have adopted WTO principles as the base for harmonization and economic integration

adopted; (ii) importing countries require exporting countries to provide accurate data about their plant and animal health, and food safety situation (and increasingly base their decisions to grant market access on risk analysis, especially for newly traded products); and, (iii) more testing and inspections are carried out to ensure compliance. Such increasingly demanding SPS requirements can be difficult and relatively costly to meet for countries with low capacities.

5. The core SPS problem across Cambodia, Lao PDR and Viet Nam is poor implementation of SPS policies and practices. This is primarily due to weak capacities in monitoring and surveillance, an inadequate supply of SPS specialists, and poor harmonization with international standards and national requirements of GMS neighbors. The two more advanced GMS countries, PRC and Thailand still have major capacity gaps when compared with the developed countries. SPS agencies overall in GMS remain weak and face challenges to conduct surveillance, inspection, diagnostics and testing in response to trading partner requirements. These weaknesses need to be addressed nationally. While at the same time, in GMS, there is a pressing need for enhanced regional cooperation and assistance to achieve technical and procedural harmonization, transparency and mutual recognition of each others' methods. International agencies, including the World Organization for Animal Health (OIE), the International Plant Protection Convention (IPPC) and to a lesser extent, Codex Alimentarius (Codex) have established international standards and recommendations in line with WTO principles, but regional capabilities to implement them are weak and consultative and/or cooperative fora are underdeveloped. In tandem with improvement in national capacities, regional harmonization is the basis for transparency, mutual recognition, surveillance, dispute resolution, risk management, and the effective use of limited laboratory certification capabilities in low capacity countries. The TA is critical to support (i) regional SPS cooperation and harmonization; and (ii) implementation of country projects.

III. THE TECHNICAL ASSISTANCE

A. Impact and Outcome

6. The impact of the TA is that AFF products become safer, more efficiently produced, and traded in greater quantities. The outcome is effective and well-connected SPS management systems, which will contribute to enhanced intra-regional trade, export competitiveness and protection of health.

B. Methodology and Key Activities

7. The TA is piggy-backed to the SPS regional project, with major outputs centered on: (i) improved SPS regional cooperation and harmonization covering, better harmonized SPS measures and procedures for plant and animal health and food safety; and (ii) effective project implementation, monitoring and evaluation. The TA will focus on the activities to pursue: (i) harmonization of SPS information and procedures for plant products; (ii) harmonization of SPS information and procedures for animals and animal products; (iii) harmonization of SPS procedures for food safety. The TA will support project implementation by (i) organizing joint training workshops of specialists in the areas of plant health, animal health, and food safety; (ii) supporting cross-boundary coordination; and (iii) designing a monitoring and evaluation framework for SPS capacity building.

C. Cost and Financing

8. The total cost of the TA is estimated at \$750,000 to be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-IV). The governments will provide in kind counterpart support.

D. Implementation Arrangements

9. ADB will be the Executing Agency (EA) for the TA and will work closely with the SPS coordinating and technical agencies in Cambodia, Lao PDR and Viet Nam. This includes ministries of agriculture and health. The TA will also work closely with ministries of commerce, and industry and trade. Close coordination will be maintained with the GMS Working Group on Agriculture, and the TA activities of the GMS transport and trade facilitation cluster. The TA will support synergy and collaboration with the ASEAN Secretariat on SPS related initiatives falling within the ASEAN Economic Community Blue Print, and coordinate closely with ongoing and planned initiatives by development partners in the SPS areas. The TA will support the preparation and conduct of high level officials' meetings for SPS agencies.

10. The TA will be implemented from August 2012 to August 2017. The TA will support 10 person-months international and 30 person-month national consultants' input, with expertise in project management and SPS issues. The consultants will be engaged on an individual basis, due to the need for fast deployment and flexibility to undertake TA work. Short term resource persons will be engaged to support regional meetings and training as needed. The activities of the consultants are interrelated but not interdependent and the timing will be staggered due to complexity of the project. All consultants and resource persons will be recruited in accordance with ADB Guidelines on the Use of Consultants (2010, as amended from time to time). Disbursements under the TA will be done in accordance with ADB's Technical Assistance Disbursement Handbook (May 2010, as amended from time to time).

IV. THE PRESIDENT'S DECISION

11. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$750,000 on a grant basis for Improving Sanitary and Phytosanitary Handling in Greater Mekong Subregion Trade and hereby reports this action to the Board.

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
Impact AFF products become safer, more efficiently produced, and traded in greater quantities	By 2020: Formal trade in AFF products to GMS increases annually by 15% (2009 baselines: \$166m for Cambodia, \$284m for Lao PDR) Incidence of food-borne diseases and related morbidity and mortality reduces by 10% (2004 baselines: DALYs 1442 for Cambodia, 2843 for Lao PDR) Tourism arrivals increase by 5%-10% annually (2009 baselines: 2m for Cambodia , 2.2m for Lao PDR)	National trade statistics; WITS; UN COMTRADE Reports of food-borne disease outbreaks (food and drugs departments) DALYs (WHO) National Tourism Authority and Ministry of Tourism records	Assumption GMS governments continue to be committed to implement trade facilitation measures for AFF products Risk Lack of governments' commitment to fund operational costs for SPS systems after 2016
Outcome Enhanced SPS management systems	By 2017: 3 crop or product-specific market access agreements based on new pest/disease information (2010 baselines: 0 in Cambodia and Lao PDR) Effectiveness of animal disease outbreak response improved (14 responses per year in Cambodia, and 4 responses in Lao PDR) Effectiveness of food hazard response improved (product, violation, dispossession, compliance enforcement knowledge gained through training) 1260 tourist and food processing enterprises in 6 major centers in Cambodia and Lao PDR graded on GHP and GMP (2010 baselines: 0) GMS trading partners regard CL plant, animal and food SPS data and practices as more reliable The TA is piggy-backed to the regional project and directly supports its outcome.	National databases (ministries of agriculture and health) Attitudinal survey of regional trading partners TA completion Report Survey reports	Assumptions: Trading partners continue to demand AFF products Tourism demand continues to grow Risk Major new health hazards (e.g., SARS, avian or swine flu) emerge, resulting in re-allocation of resources for SPS activities

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
Outputs 1. Improved SPS cooperation and harmonization 2. Effective project management and monitoring	Between 2012 - 2017: Cambodia and Lao PDR active participation in SEAFMD, INFOSAN and ARASAFF by sharing data and annual reporting (2010 baselines: no systematic data sharing and reporting) Bilateral working groups meetings held, topics discussed and agreement reached Institutional twinning arrangements initiated Technical SPS meetings held – annually or as and when needs arise Support and monitor implementation of SPS country projects Design and M&E framework for SPS implementation	Project M&E reporting ADB review missions Annual reports of (ministries of agriculture and health, and food safety institutions' reports) Bilateral working groups' reports Regional meetings reports Project M&E reporting PMU reports TA review	Assumptions Governments' commitment to regional processes continues Qualified consultants are engaged Risk Technical, institutional and administrative capacities to implement the projects remain weak
Activities with Milestones			Inputs
1. GMS and ASEAN regional cooperation 1.1. Coordinate with SPS country projects and SPS coordinating and technical agencies to set up and/or strengthen key plant, animal, food safety working groups 1.2. Coordinate with SPS country projects and SPS coordinating and technical agencies in participating INFOSAN, ARASFF training, workshops, first-time market access study, and seminars 1.3. Plan and organize targeted technical SPS meetings 2. Project implementation support 2.1. Liaison, coordinate and support implementation of SPS country projects and organize joint training workshops of specialists in the areas of plant health, animal health and food safety; support the country projects for cross-boundary coordination 2.2. Prepare and design an M&E framework for SPS implementation.			ADB: \$750,000 Consulting services: \$460,000 Training/workshops: \$190,000 Miscellaneous: \$10,000 Contingency: \$90,000 Governments: In kind contribution

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Total Cost
Asian Development Bank	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	200.00
ii. National consultants	150.00
b. International and local travel	100.00
c. Reports and communications ^a	10.00
2. Training, seminars, and conferences, survey	
a. Training program	100.00
b. Resource person	90.00
3. Miscellaneous administration and support costs	10.00
4. Contingencies	90.00
Total	750,000.00

^a This includes possible knowledge products
Source: Asian Development Bank estimates

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

1. A total of 10 person-months international and 30 persons-months of national consultants' input will be engaged on an individual basis to provide technical services under the technical assistance. The indicative time allocations and outline terms of reference (TORs) are listed below. The outline TORs will be further refined during recruitment.

I. SPS Coordinator (International/Team Leader, 4 person-months)

2. Under the guidance of ADB project team, the consultant will:
- a. Review existing plans and initiatives for SPS cooperation in plant health, animal health, food safety, under the international and the ASEAN framework. Advise on key areas of harmonization.
 - b. Identify resources persons in plant, animal and food safety areas to prepare succinct analysis and short papers. Prepare TORs, guide and supervise resource persons in conducting analytical work and participation in regional meetings.
 - c. Lead and coordinate with other experts under the TA, in making realistic plans for technical activities to be funded under the TA.
 - d. Assist to convene technical meetings to discuss areas of harmonization and steps for harmonization.
 - e. In coordination with national SPS projects, and with key SPS agencies, make proposals for funding of training.
 - f. Guide national project implementation specialists to design a monitoring and evaluation framework for SPS capacity building and follow up with implementation of national SPS projects.
 - g. Explore and advise about potential sources of additional funding for the TA from development partners, the countries and national SPS projects.
 - h. Lead and coordinate with other technical experts, and initiate twinning and twinning plus training activities, should resources become available.
 - i. Advise on project implementation matters for the country SPS projects.
3. The consultant will have at least 10 years of experience in agricultural development projects, preferably also SPS projects formulation, implementation and coordination, and familiar with development agencies funded projects. S/he must have an advanced degree in agriculture economics and/or a related field, and is familiar with SPS policies and practices. The consultant will submit an inception report, mid-term report, a draft final report and other technical reports, in coordinating with the other experts as required.

II. SPS technical expert/s (International, 6 person-months)

4. The expert/s will have expertise in plant health, animal health and food safety and at guidance of the team leader to carry out:

Plant health

- a. Collect and review information on major plant health and plant quarantine issues in the countries. In particular, the focus will be placed on examining plant health issues that bear major implications or risks for intra-regional trade.

- b. Identify plant health issues, pest list information, practices and plant protection measures from each country for which harmonization in data collection, analysis, and SPS measures might be beneficial. This includes categories of risks (e.g. low, medium and high).
- c. In coordination with the team leader, organize expert group meetings to discuss the risk profiles and rating of frequently traded plant products, with the objective of agreeing on a potential list of low, medium and high risk products.
- d. Review progress and development of plant protection of the countries under the ASEAN framework. Recommend close alignment with ASEAN.
- e. Assess and make specific recommendations on twinning of country technical agencies and “twinning-plus” in selected plant health areas with technical agencies in developed countries.
- f. Closely cooperate with plant protection consultants under the SPS country projects.

5. The expert/s should have ten years of broad experience in plant protection, preferably including several of the disciplines plant quarantine, pest surveillance, pest identification and pest list development, and pesticides management in developed and developing countries, and preferably experience in Southeast Asia. The expert/s will coordinate with the SPS coordinator and report to the ADB team. The expert/s will have an advanced degree in agriculture development and/or a related field and will submit technical papers and/or reports as required.

Animal health

- a. Review surveillance activities in combating key transboundary animal diseases (especially foot and mouth disease (FMD) and classical swine fever (CSF), including active and passive surveillance, diagnostics, and outbreak response, and make recommendations for harmonization and cooperation among the countries with the objective to better control the diseases and to promote animal and animal products trade in GMS.
- b. In coordination with the team leader, organize expert group meetings to discuss harmonization and cooperation in combating key transboundary animal diseases.
- c. Review progress and development of animal health management of the countries under the ASEAN framework. Recommend close alignment with ASEAN and SEACFMD.
- d. Assess and make specific recommendations on twinning of country technical agencies and “twinning-plus” in selected areas with technical agencies in developed countries.
- e. Closely cooperate with animal health consultants under the SPS country projects.

6. The expert/s should have a degree in Veterinary Science and have broad experience in animal health in developed and developing countries. Experience in the GMS region would be an added advantage. The expert/s will coordinate with the SPS coordinator and report to the ADB team. The expert/s will submit technical paper and/or reports as required.

Food safety

- a. Review food safety hazards surveillance, inspection and monitoring work, and make recommendations for harmonization and cooperation.

- b. Review status and plans in exchange of information, including active participation in INFOSAN and ARASFF, and make recommendations for enhanced participation.
- c. In coordination with the team leader, organize expert group meetings on harmonization of food safety management and exchange of information.
- d. Review progress and development of food safety management of the countries under the ASEAN framework. Make recommendations on building close linkages with ASEAN initiatives in food safety management.
- e. Assess and make specific recommendations on twinning of country technical agencies and “twinning-plus” in selected areas with technical agencies in developed countries will be promoted.
- f. Closely cooperate with food safety consultants under the SPS country projects.

7. The expert/s should have broad experience in food safety projects in developing countries. A masters degree in agriculture, nutrition, medical science or equivalent experience is required. Experience in the GMS region would be an added advantage. The expert/s will coordinate with SPS coordinator and report to the ADB team. The expert/s will submit technical paper and/or reports as required.

III. Project implementation support (National, 30 person-months).

8. Under the guidance of the ADB project team and the TA team leader, the consultants will:

- a. Assist implementing the TA and country projects.
- b. Provide implementation support for the organization of expert group meetings, under the guidance of the international experts and the ADB team.
- c. Set-up a monitoring and evaluation framework for the SPS country projects and the TA.
- d. Provide implementation support to the SPS country projects by (i) organizing joint training workshops of specialists in the areas of plant health, animal health and food safety; and (ii) providing support to the consultants teams for cross-boundary coordination; and
- e. Support project management.

9. The consultant/s should ideally have experience in rural development or food safety projects in at least one GMS or ASEAN country, and in project implementation and management, and familiar with ADB project implementation procedures. A degree in agriculture or management and/or a relevant discipline is required. The consultant/s will coordinate with the SPS coordinator and other experts and will report to the ADB project team. The consultant/s will be based in Manila. The consultant/s will submit semi-annually project implementation reports, as required.

IV. Resource persons

10. Short term resource persons will be engaged to prepare specific analytic work in the areas of plant health, animal health, and food safety, and other areas covered under the TA and SPS country projects, and to prepare and attend the meetings convened under the TA.