

Assistance for Trade Capacity Building in Relation to the Application of  
Sanitary and Phytosanitary Measures (SPS)

Quarterly Report

For

September 30, 2002 through December 31, 2002

**Prepared by Development Alternatives, Inc. for the U.S. Agency for  
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“Assistance for Trade Capacity Building in Relation to the Application  
of Sanitary and Phytosanitary Measures (SPS)”, under,**

**USAID/DAI PRIME CONTRACT NO. PCE-I-00-99-00002-00  
“Rural and Agricultural Incomes with a Sustainable Environment  
(RAISE)”**

**QUARTERLY REPORT**

**September 30, 2002 through December 31, 2002**

This quarterly report for the “Assistance for Trade Capacity Building in Relation to the Application of Sanitary and Phytosanitary Measures (SPS)” covers the first quarter of this Project, from September 30, 2002 through December 31, 2002. The report has six sections: Overview, Contractual Issues, Management Issues, Technical Issues, Key Meetings, and Key Next Steps.

**1. Overview**

The SPS Project was launched in October 2002 and got off to a fairly slow start since the newly appointed COP could not become fully engaged in the Project until early November. Initial meetings were held between USAID and DAI, followed by extensive communication between DAI and MSU with respect to co-management issues and start-up priorities. The entire SPS Team (including key representatives from DAI, MSU, all subcontractors, key USAID personnel) was able to have a group meeting at DAI in early November. A preliminary approach to start-up philosophy and strategy was discussed amongst all parties and a draft work plan was drawn up. Several important meetings with the World Bank, USTR, USDA/FAS, USAID/ROCAP, and USFDA were held in order to sow the seeds of collaboration in SPS-related activities.

**2. Contractual Issues**

- A signed contract was received from Mr. Michael Gushue of USAID in December 2003 indicating DAI as the prime contractor for this Project with Michigan State University (MSU), Abt Associates, Winrock International, and Fintrac Inc. as subcontractual partners.

### **3. Management Issues**

- After several telephone conversations between USAID/EGAT (led by Mr. John Ellis, Cognizant Technical Officer) and DAI, a decision was made to co-share management of the Project between DAI and MSU. Originally, MSU, through its Institute of International Agriculture (IIA), was to be the lead organization for project management with DAI in a liaison role to MSU. In the new arrangement, DAI assumes the dominant management role with MSU retaining the lead technical role. It was agreed that DAI and MSU would arrive at a mutually acceptable agreement for co-management by the end of December.
- The following management matrix was agreed upon between DAI and MSU and forwarded to USAID for approval.

<b>Name</b>	<b>RAISE Category</b>	<b>RAISE Level</b>	<b>Days</b>
John Bowman, DAI	Int'l Trade in NRBI's	I	408
Sally Balenger, DAI	Information & Other Support	III	306
Larry Busch, MSU	Int'l Trade in NRBI's	I	99
Ewen Todd, MSU	Int'l Trade in NRBI's	I	9
Deepa Thiagarajan, MSU	Int'l Trade in NRBI's	II	313
Susan Gibbons, MSU	Information & Other Support	III	303
Anticipated Cost of Total Management Labor =			\$1,007,339.00
Anticipated Cost of Total Management ODCs =			\$ 36,364.21
Anticipated Total Cost of Management Labor and ODCs =			<b>\$ 1,043,703.21</b>

In this new arrangement, John Bowman (formerly DAI Liaison to MSU) becomes the Chief of Party with Ms. Sally Balenger in a support role. Larry Busch of MSU retains some management responsibilities and remains as the project's Technical Director. He is supported by Deepa Thiagarajan and Susan Gibbons. Larry Busch and Ewen Todd have been allotted additional management time to serve as members of the Project's Technical Coordination Team. Although the distribution of level of effort for management has been shifted from the original design, the total costs of management labor and ODC' has been maintained at the original level of \$1,043,703.21.

### **4. Technical Issues**

- In mid-October, a preliminary brainstorming meeting was held at MSU with Larry Busch presiding. A variety of MSU experts in SPS-related disciplines convened in order to formulate a strategy for project launch. Fintrac also sent a representative to this meeting.
- In late October, meetings were held between the key USAID officers (John Ellis, Carol Wilson, Stephen Fondriest) and John Bowman and Jerry Martin of DAI.
- In early November, a "kick-off" meeting was held between the aforementioned USAID personnel and representatives from DAI, MSU, Abt, Fintrac, and Winrock with John Bowman presiding. In this meeting, USAID presented its initial set of concerns and priorities for the Project. The entire Project Team discussed these

concerns, and also presented some preliminary strategy ideas which were an essentially an output of the earlier brainstorming session at MSU.

A preliminary approach to the primary deliverables of the Project were discussed. These deliverables are summarized below:

- **Global Research Studies (GRS's)** - 3 in-depth global research studies on SPS-issues of general relevance to all developing countries;
- **Regional Analytical Reports (RAR's)** - 8 regional or sub-regional analytical reports, identifying key developing country agricultural trade interests affected by the application of SPS measures in major markets;
- **Evaluations (EVAL's)** - 8 evaluations of previous SPS-related agriculture or other international technical assistance projects;
- **Country Specific Diagnostic Reports (CSDR's)** - 6 comprehensive country-specific diagnostic reports, drawing on stakeholder consultations and conferences and providing a strategic framework for prioritizing SPS-related assistance activities;
- **Project Designs (PD's)** - 10 project designs for implementation of SPS-related assistance activities, and related contracting documentation;
- **Technical Courses and Workshops (WSHOP's)** - 12 technical training courses on selected SPS issues, and 12 workshops in which those courses will be delivered.

Initial discussion focused on three potential areas for the “**Global Research Studies**”:

1. A global inventory of existing SPS-related projects and efforts
2. Third Party Certification – do private standards and third party certifiers enhance or restrict trade capacity?
3. What are the factors that constrain participation in SPS standard-setting bodies? What are the options LDC's may have in order to increase their participation in standard setting?
4. Do countries have the capacity to design and implement standards? What are the training needs? Conduct a comparative analysis of SPS-related training approaches in LDC's and determine which are the most effective.

**Evaluation:** Carol Wilson of LAC also mentioned that there is a very strong possibility that the LAC Regional Bureau would be requesting an evaluation of SPS-related USAID and USDA projects in Honduras and Nicaragua in the very near future.

- Major Technical Concerns

**Flexibility:** Would USAID insist on this exact mix of deliverables by the end of the Project? Could numbers of each deliverable be changed based on internal demand from Regional Bureaus and Missions? The consensus was that USAID could most probably be agreeable to changes in the deliverable mix but not in the overall costs affecting labor and ODC's.

**Consistency:** A concern was also noted that these 47 deliverables should not be approached on a totally "ad-hoc" basis. Early on in the project, attempts must be made to set up a framework whereby certain cross-cutting themes are examined consistently throughout each set of deliverables. This, in order to avoid the scenario where 47 separate deliverables are ultimately presented to USAID with no sense of connection or integrated purpose. For this reason, a preliminary questionnaire was drafted showing the typical set of questions and concerns that should be proposed to the variety of players in the agribusiness chain in order to diagnose any given country (or region's) capacity to deal with SPS applications.

**Duplication of Effort:** USAID emphasized the need to collaborate closely with other Agencies and Projects involved in SPS-related work in order to avoid duplication of effort. They felt that the Global Inventory of SPS-related projects should be a high priority deliverable to be completed as soon as possible in year one of the Project.

**Cost Sharing:** USAID also let it be known that as much as possible our Project should seek to do activities which are strengthened by the sharing of expenses with other, even more highly funded SPS efforts. At its modest level of \$5.6MM, RAISE SPS can only do so much in the vast world of SPS application assistance – it should seek to get involved in those areas that can have maximum impact, perhaps through the identification of niche opportunities within larger and more highly funded SPS efforts.

## **5. Key Meetings**

**USAID/ROCAP:** – ROCAP indicated a keen initial interest in the SPS Project, particularly to fulfill a "benchmarking" role for SPS applications post Hurricane Mitch. They are particularly interested to see if funding for export-oriented agribusiness projects in Honduras and Nicaragua had any impact on alleviating SPS-related constraints. Key contact is Rich Wheldon, Deputy Mission Director.

**Interagency (WB, USTR, USAID, USDA) Meeting at the World Bank to Discuss Africa-based Initiatives in SPS:** The Bank is interested in three key areas in SPS/Standards work:

1. Methodology Development/Global Priority Setting (e.g., economic research on policy options; development of an SPS toolkit for priority setting in policy and investments; cost of compliance studies)

2. Country and Regional Assessments (e.g., food safety workshops for int'l organizations and regional/national authorities; capacity building in SSA; development of integrated framework for trade-related technical assistance based on interagency cooperation; focus on poverty reduction strategies through application of SPS measures)
3. Implementation (support a "standards facility" at WTO; development of action plans resulting from IF and TBT assessments)

They have recently completed comprehensive "Country Studies" on SPS and trade-related issues for Kenya, Uganda, Nigeria, South Africa and Mozambique. They plan to commit \$150M to global SPS capacity building efforts in 2003. There are plans for significant support of a Standards and Trade Development Facility (STDF) at the WTO which will assist LDC's in participatory standards setting. Key contacts are John Wilson (WB) and Bill Jackson (USTR).

**USDA/FAS/Food Industries Division:** USAID learned that USDA had been approached to field a survey team to work on SPS-related issues in Zambia (specifically, pesticide risk assessments – PRA's). This was in response to increasing political pressure from COMESA to have the U.S. market opened up to Zambian produce. USDA/FAS will be involved in both survey and PRA training work in several African countries, and is in the process of posting permanent APHIS Advisors in Gaborone, Nairobi, and Accra in order to manage the increasing workload involving PRA's. USDA/FAS was informed about the SPS Project and both sides agreed to pursue collaborative efforts in the future. USDA invited SPS to attend the debriefing of a Zambia Assessment Team upon their return in February 2003. Key contact is Frank Fender.

**USFDA:** Carol Wilson met with FDA's Policy Unit to discuss potential collaboration with our Project. FDA showed us a draft of their "Food Safety Assessment Protocol" which they intend to use a standard survey instrument when they assess the food safety preparedness of certain LDC's. We greatly edited the instrument for FDA and made it a much more comprehensive and inclusive document. Key contact is Naomi Kawin.

## **6. Key Next Steps for Second Quarter (January – March 2003)**

1. Finalize labor and ODC negotiations for co-management between DAI and MSU.
2. Finalize subcontracts for technical assistance with Fintrac, Abt, Winrock.
3. Prioritize and better define the "Global Research Studies" which will define the tenor of the project over the next three years.
4. Initiate at least 3-5 deliverables.
5. Submit a 2003 Workplan to USAID.
6. Follow up meetings with World Bank, USDA, FDA and others in order to pursue collaborative activities.
7. Develop a preliminary set of marketing materials for the Project.
8. Initiate an effective marketing campaign for the Project within USAID.
9. Attend Africa Regional meeting of USAID agricultural officers in Johannesburg.