

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

Quarterly Report

For

January 1, 2003 through March 31, 2003

**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**

**January 1, 2003 through March 31, 2003**

This quarterly report for the “Assistance for Trade Capacity Building in Relation to the Application of Sanitary and Phytosanitary Measures (SPS)” covers the second quarter of this Project, from January 1, 2003 through March 31, 2003. The report has nine sections: Overview, Contractual, Management, Financial, Marketing, Technical Issues, Key Meetings, Present Concerns, and Key Next Steps.

**1. Overview**

A new EGAT CTO was assigned to manage RAISE SPS. Through a series of meetings and initiatives, administrative and contractual coordination between DAI and the subs was greatly strengthened. RAISE SPS initiated two important deliverables in Central America - a four country evaluation of post Mitch SPS-related technical assistance through USAID, USDA, and other projects; and a five country mission designed to benchmark SPS management capacity against U.S. standards. The Project initiated marketing activities, especially upon learning that a substantial amount of buy-in contribution would be required to fully fund the \$5.7 million core Task Order budget. A smaller Task Order known as “Trends” (Trends in Private Sector Agrifood Standards Driving Competition in Global Markets”) was integrated into the Project and became a deliverable in the Global Research Study category.

**2. Contractual Issues**

- Signed “blanket” contract modifications were sent to all four subcontractors (MSU, Abt, Fintrac, Winrock) so that Task Order work could begin.

### **3. Management Issues**

- David Soroko of EGAT officially replaced John Ellis as the RAISE SPS CTO.
- The co-shared management plan between DAI and MSU (submitted in the first quarter) was approved by the new CTO.
- A 2003 Workplan was presented to the CTO and approved.
- It was agreed between DAI, MSU, and the CTO to integrate an outstanding and separate RAISE Task Order entitled “Trends in Private Sector Agrifood Standards Driving Competition in Global Markets” into the RAISE SPS Project. This TO had been won by the consortium of DAI (management) and MSU (technical) to investigate the role of food standards being developed by multinational supermarket chains (and other retail players) on small farmers and the agribusiness supply chain. The approved SOW involves five country case studies (Nicaragua, Guatemala, Kenya, South Africa, Zambia) that will culminate in a final comparative report and a workshop to present results.

The “Trends” TO, therefore, became integrated with RAISE SPS to be executed as a deliverable under the Global Research Study category. The SOW remains unchanged and “Trends” work will be initiated using RAISE SPS core funds. RAISE SPS is still awaiting an increment of \$140,000 to be added to its core to cover the cost of this new deliverable.

- Fixed burdened daily rate approvals were submitted to the USAID Contracts Office for the following non-US nationals based at MSU (E.Todd, D.Thiagarajan, T.Bernardo, L.Flores, F.Balsevich).
- Negotiated, independent consulting rates were submitted to the USAID Contracts Office for the following consultants (J.Berdegue, C.Aguilar, R. Lopez).

### **4. Financial Issues**

- The startup tranche of funds was \$800,000. Upon learning that RAISE SPS could not expect to receive the full \$5.7 from EGAT but would be expected to pursue some level of buy-ins through out the life of the project, DAI made some projections in order to arrive at an estimate as to what would be needed for the 2<sup>nd</sup> tranche of funds. Considering the initial \$800,000, and a reasonable, hypothetical level of buy-ins, DAI estimated a tranche of \$2.2 million was needed to carry the project through to September 04. This was negotiated with the CTO, who later changed this amount to \$1.8 million and presented this amount to EGAT as illustrative of RAISE SPS needs.
- As of March 31, RAISE SPS was still awaiting the \$140,000 incremental funding to cover expenses of the Trends TO.

### **5. Marketing Issues**

- A marketing brief describing the services of the Project was co-developed by the CTO and COP. The CTO distributed the brief to a variety of DC-based USAID staff and to the Missions. The COP distributed the brief to all subcontractors and to all

DAI field projects. As a result of these efforts, initial inquiries for services came in from:

**RCSA/Botswana:** for a potential buy-in for a comprehensive package of SPS services

**Morocco:** for attendance at an ag export conference, followed by an opportunity to design a buy-in to SPS focused on several agribusiness clients

**Georgia:** To conduct a workshop on “Codex” training

**Kyrgyz Republic:** To assist with the development of a seal of quality program

- A flyer for an “International short Course in SPS” was designed and distributed to DAI, MSU, Fintrac, Abt, and Winrock field projects to see what kind of interest could be generated for a course in August 03.
- Initial planning was made to attend a Johannesburg conference for USAID agriculture/enterprise officers and present a poster to market the project.

## 6. Technical Issues

### Global Research Studies

- There has been a considerable loss of interest in the proposed deliverable entitled “Global Inventory of SPS-related Projects” due to fears of limited use by the field, and since comprehensive inventories are being maintained already by WTO, World Bank, and others.
- There has been continued interest in the proposed deliverable on “Third Party Certification”. An SOW is in the process of being finalized.
- An extension of the Trends work into Andean (Peru, Ecuador, Chile?), E. European (Croatia?) and Asian (Indonesia, Thailand, Philippines?) countries is being contemplated. If it materializes it may become known as the SPS “Global Supermarket Study”. It would not be initiated until we have finished the 5-country case studies in Central America and Africa and had a favorable review by USAID for the expansion concept.

### Regional Analytical Reports

- SOW and budget approved by the CTO for Regional Analytical Report #1: “Benchmarking of SPS Management Capacity in Five Central American Countries (Honduras, Guatemala, Nicaragua, El Salvador, Costa Rica).” Work will be initiated in April 03 and will terminate in May 03. Five MSU-sponsored consultants (T.Bernardo, C.Aguilar, L.Flores, T.Reardon, J.Berdegue) and two Abt-sponsored consultants (J.Velez, J.Karpati) will be utilized. Field work will span an 8-week period. Objectives are as follows:

To review and “benchmark” each countries’ **SPS management capacity, considering the implications for the most important agricultural and food product imports and exports and related technical assistance requirements**. The relationship between management capacity, existing SPS measures, and public AND private agri-food standards will be analyzed. Review of SPS capacity and issues will be done in a uniform fashion, enabling some intra-regional comparative analysis. Such analysis will enable the Central American governments and agencies such as USAID and USTR to better understand the dynamic of agricultural trade for Central American countries, allowing for the best possible use of resources to implement programs that will spur economic growth. Importantly, each countries’ “level of readiness” to comply with and manage key SPS measures will be “benchmarked” to the US for the purposes of strengthening SPS management strategies.

## **Evaluations**

- SOW and budget approved by the CTO for Project Evaluation #1: “Evaluation of SPS Technical Assistance Programs and Agri-business Technical Assistance Programs in Honduras, Guatemala, Nicaragua, and El Salvador”. Work was initiated in March 03 and is scheduled to terminate in April 03 utilizing one DAI-sponsored consultant (K.Bash) and one MSU-sponsored consultant (R.Lopez). One month of fieldwork is involved, one-week per country. Objectives are as follows:

A team of evaluators will compile a list of the SPS and agri-business related projects supported by USDA and USAID over the past five years, mainly in relation to post Hurricane Mitch assistance efforts. The evaluators will interview project implementers, cooperatives, trade associations, government officials and farmers to determine the impact of those programs. Project implementers will be asked about the export opportunities (international or regional) available to farmers, the steps taken to meet SPS- related export constraints, as well as which export opportunities were not pursued due to SPS requirements. The opportunities not pursued may give project managers insight into intractable problems or the needs for longer-term development assistance. The information will be analyzed and synthesized into lessons learned that will assist USAID design future agricultural technical assistance projects in the area of SPS.

## **Country Specific Diagnostic Reports**

- RAISE SPS has made initial contact with USAID/Morocco for customized SPS work specific to their agribusiness clients.

## **Project Designs**

- RAISE SPS has made initial contact with the RCSA Mission in Botswana for the design of a substantial buy-in to RAISE SPS for an overall SPS assistance program for its agribusiness clients in over 10 African countries.

## **Technical Courses and Workshops**

- RAISE SPS is in the process of designing a one- two week short course with focus on SPS/TBT food and agriculture standards, private standards, food safety policy, etc. This workshop will take place at MSU and will train approximately 20 international students. RAISE SPS hopes to cost share the funding of these students with the field Missions.

## **7. New Concerns**

**Cost of Marketing Activities:** When the project was originally designed, the need to pursue buy-ins had not been made apparent to the designers. Now that we know that buy-ins must be pursued, there is no specific budget line item to cover this time-consuming and expensive type of work. Unless this is somehow resolved, marketing activities will proceed at an unacceptably slow pace, or else current DAI/MSU staffers will have to pursue this area practically “pro-bono”, and at the expense of technical and management components).

**Mobilization of Personnel:** MSU intends to use a substantial amount of TCNs, based both in the US and abroad, in order to carry out assignments. Salary rates of these individuals must be negotiated with USAID Contracts Office, which is likely to be time consuming and which has the potential to delay the initiation of missions. Additionally, some of these students barely meet the minimum work history requirements for the RAISE Level III category. On the other hand, these are highly motivated persons, often with excellent language skills and familiarity with the region, and well versed in the SPS issues central to the project (a “bargain” for USAID).

**Similarity of “Trends” and PFID Work:** As the “Trends” Project was integrated into SPS, it became apparent that most of these consultants were also working under the auspices of PFID. It will be a challenge to avoid duplication of effort with PFID and to use such consultants effectively in complicated, hybrid missions where attention to both SPS and PFID issues might be addressed.

## **8. Key Meetings**

- The new CTO visited with the COP, DAI staff, and key MSU technical staff at DAI to discuss project start up and review the proposed 2003 workplan.
- RAISE SPS COP visited MSU for a 2-day orientation meeting with principal staff involved with the project.
- MSU management staff visited DAI for a one day workshop on general administrative issues, focusing on the approval process for TCN consultants and general reporting requirements to DAI and USAID.

- The Africa Regional meeting of USAID agricultural/enterprise officers, originally scheduled for February in Johannesburg, was postponed indefinitely.
- A meeting was held with Robert Kahn, ex- Senior APHIS official, in order to strategize how RAISE SPS might make a contribution in the area of pest risk assessments (PRAs). A draft SOW was developed.

### **9. Key Next Steps for Second Quarter (April – June 2003)**

1. Follow up meetings with World Bank, USDA, FDA and others in order to pursue collaborative activities.
2. Initiate an effective marketing campaign for the Project within USAID in order to generate buy-in activity.
3. Pursue existing buy-in opportunities (especially RCSA and Morocco) and generate new buy-in interests.
4. Successfully integrate Trends into SPS.
5. Make strong case for receipt of 2<sup>nd</sup> tranche funding and the \$140,000 Trends supplement.
6. Finish Central American missions (Evaluation, Benchmarking)
7. Continue Trends field work in Central America and Africa.