



Technical Report

Streamlining Technical Regulations on the Department of Agriculture's SPS Administration: Completion Report, Policy Statement on DA Technical Regulations, & Interim Organizing Arrangements

by Cesar Virata and Associates (CVAI)

Prepared for

**Undersecretary Segfredo Serrano
Department of Agriculture
Republic of the Philippines**

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Preface

This report is the result of technical assistance provided by the Economic Modernization through Efficient Reforms and Governance Enhancement (EMERGE) Activity, under contract with the CARANA Corporation, Nathan Associates Inc. and The Peoples Group (TRG) to the United States Agency for International Development, Manila, Philippines (USAID/Philippines) (Contract No. AFP-I-00-03-00020-00, Delivery Order 800). The EMERGE Activity is intended to contribute towards the Government of the Republic of the Philippines (GRP) Medium Term Philippine Development Plan (MTPDP) and USAID/Philippines' Strategic Objective 2, "Investment Climate Less Constrained by Corruption and Poor Governance." The purpose of the activity is to provide technical assistance to support economic policy reforms that will cause sustainable economic growth and enhance the competitiveness of the Philippine economy by augmenting the efforts of Philippine pro-reform partners and stakeholders.

Aware that the administration of Sanitary and Phytosanitary (SPS) regulations in the Department of Agriculture (DA) is characterized by several dysfunctions at the legal, organizational and procedural levels, DA Undersecretary Segfredo Serrano requested, by letter dated February 14, 2005, technical assistance (TA) from USAID's Economic Modernization through Efficient Reforms and Governance Enhancement (EMERGE) Project to help streamline DA SPS administration. Phase 1 of this effort produced 6 diagnostic reports, which were completed in draft form in early 2006. Based on this analysis, Usec Serrano then requested, by letter dated April 3, 2006, further assistance to help an Interim Board, composed of heads of DA agencies administering SPS regulations, and its Technical Working Group (TWG), which were to be charged to prepare and implement a plan of action, to draft "the required legal issuances, specific organizing arrangements, and harmonized and streamlined business processes so that the changes envisioned in the recommendations of the Diagnostic Studies and our Plan may be realized."

In response, EMERGE commissioned Cesar Virata and Associates (CVAI) to mobilize a team of four experts, one each in agricultural policy, organizational development, systems, and communication (Ms. Beulah de la Pena, Ms. Irene Villapando, Mr. Gerry Gazmen, and Mr. Benedicto Rayco), to provide the TA. Working with the DA Interim Board and its TWG, the team produced 8 final reports: 1) Completion Report, 2) Policy Statement on DA Technical Regulations, 3) Interim Organizing Arrangements, 4) DA Business Architecture for SPS Regulations, 5) Streamlining and Harmonizing SPS Import Processes, 6) Streamlining and Harmonizing SPS Export Processes, 7) SPS Administration Manual, Department of Agriculture, and 8) SPS Administration Manual, Bureau of Plant Industry, Department of Agriculture.

The views expressed and opinions contained in this publication are those of the authors and are not necessarily those of USAID, the GRP, EMERGE or the authors' parent organization.

**STREAMLINING TECHNICAL REGULATIONS
ON THE DEPARTMENT OF AGRICULTURE'S
SPS ADMINISTRATION**

COMPLETION REPORT

July 2007

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on the Department of Agriculture’s
SPS Administration
Completion Report**

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List of Acronyms

BAFPS	Bureau of Agriculture and Fisheries Product Standards
BAI	Bureau of Animal Industry
BFAD	Bureau of Food and Drugs
BFAR	Bureau of Fisheries and Aquatic Resources (BFAR),
BOC	Bureau of Customs
BPI	Bureau of Plant Industry
DA	Department of Agriculture
DOH	Department of Health
EO	Executive Order
ESPCS	Electronic Sanitary and Phytosanitary Certification System
FIDA	Fiber Industry Development Authority
FPA	Fertilizer and Pesticide Authority
NMIS	National Meat Inspection Service
PAFIB	Philippine Agriculture and Fishery Inspection Bureau
PAFRA	Philippine Agriculture and Fishery Regulatory Agency
PAFSB	Philippine Agriculture and Fishery Standards Bureau
PCA	Philippine Coconut Authority
SAFE-T	Single Agricultural and Fishery Electronic Trade
SPS	Sanitary and phyto-sanitary
TA	Technical Assistance
TOR	Terms of Reference
WPM	Wood Packaging Materials

Streamlining Technical Regulations in the SPS Administration of the Department of Agriculture Completion Report

I. Background

In response to the request of Department of Agriculture (DA) Undersecretary Segfredo Serrano in late 2004 to rationalize and streamline the administration of the various sanitary and phyto-sanitary (SPS) measures, EMERGE supported the conduct of diagnostic studies on four SPS regulatory agencies namely, Bureau of Animal Industry (BAI), Bureau of Plant Industry (BPI), National Meat Inspection Service (NMIS), and Bureau of Agriculture and Fisheries Product Standards (BAFPS). The studies were completed in February 2006. Some of the salient findings of the studies are the following: (i) responsibility for SPS regulation is fragmented among several agencies, each with its own legal mandate, and reporting to different DA undersecretaries; (ii) there are overlapping responsibilities as well as gaps, notably in food safety. in these legal mandates; (iii) the processes used in enforcing regulations are not well documented, allowing much discretion on the part of the enforcer; and (iv) border enforcement is leaky, leaving much room for imported products to slip into the country without the appropriate inspection and clearance.

In April 2006, Undersecretary Serrano requested EMERGE for additional Technical Assistance (TA), this time (i) to prepare and implement a plan of action to institutionalize the two regulatory organizations, which is planned to take effect in 2008; and (ii) to streamline and harmonize SPS business procedures. This second phase of the TA built on the diagnostic phase and was meant to produce actual results on improved SPS administration at the DA. The Terms of Reference (TOR) of this TA is attached as Annex A.

This TA aimed specifically to:

1. Develop a policy framework for SPS regulations that is effective and least trade-restrictive;
2. Develop and establish an interim organizational system that will assist the eventual formation of separate SPS agencies in enforcement and standard setting;
3. Develop, improve and streamline business procedures for enforcing SPS measures to make them transparent, firm-neutral and simplified; and,
4. Develop operating manuals for enforcing business procedures in the different business processes.

To support the TA, the DA created a Technical Committee composed of representatives of DA's regulatory agencies, including BAI, BPI, BAFPS, NMIS, Fertilizer and Pesticide Authority (FPA), Bureau of Fisheries and Aquatic Resources (BFAR), Philippine

Coconut Authority (PCA), Fiber Industry Development Authority (FIDA), and the DA's Policy Group. The composition of the TC meant that Phase II of the TA had an expanded coverage of DA agencies in addressing the objectives.

The TC members cooperated fully with the TA, meeting every Friday beginning in September 2006 through April 2007 to accomplish the TA objectives and produce the TA deliverables. The members of the TA are attached as Annex B.

II. Accomplishment of Deliverables

The TC and TA completed the following documents:

- Policy Statement on Technical Regulations
- Interim Organizing Arrangements
- Architecture of SPS Regulations
- Harmonization and Streamlining of SPS Import Processes
- Harmonization and Streamlining of SPS Export Processes
- Manuals on SPS Border Processes

A. Policy Statement on Technical Regulations

The TC, with assistance of the TA, agreed on a policy statement on DA's technical regulations. The specific purposes for technical regulations are defined in the statement to include:

- Protecting consumers from unsafe, unwholesome, mislabeled or adulterated food, feed and agricultural inputs¹;
- Preventing the entry and spread of plant, animal and fish pests and diseases;
- Preventing the detention or rejection of Philippine agriculture and fishery products in the export market;
- Protecting the public and the environment from the risks in the use of chemical and biological production and post-harvest inputs²;
- Safeguarding animal welfare; and
- Promoting resource conservation.

The formulation and implementation of the technical regulations shall be consistent with following principles:

¹ The regulations for this purpose shall include seed certification services and fertilizer, pesticides and veterinary biologics registration

² These include regulations on genetically-modified products.

- Science- and risk-based - regulations shall be based solely on an evaluation of risks using current available scientific evidence;
- Targeting - regulations focus on managing the specific sources of risks;
- Proportionality, Fitness and Efficiency - regulations are kept to what is effective and necessary to manage risks and achieve an acceptable level of protection;
- Transparency - making regulations simple, user-friendly, and accessible to review;
- Accountability - ensuring that regulatory action are explainable, justifiable, and subject to public scrutiny;
- Equivalence - allowing provisions for alternative approaches to managing risks while ensuring the same level of protection for consumers;
- Consistency - keeping various regulations in harmony in purpose and intent; and
- Non-discrimination - implementing regulations fairly and avoiding unnecessary and unjustifiable distinctions in different circumstances.

The following strategies and/or approaches shall be used in implementing the technical regulations:

- Vesting primary responsibility on industry;
- Comprehensively addressing risks, from the farm to the table;
- Promoting prevention rather than apprehension;
- Maximizing private sector participation;
- Engendering partnership with Local Government Units (LGUs) and communities; and
- Promoting harmonization with international standards.

The methods to be used in formulating and implementing technical regulations include standards setting; risk analysis; monitoring and surveillance; licensing, registration and accreditation; inspection and certification; and quarantine, detention, treatment, recall, and destruction.

B. Interim Organizing Arrangements

As the President issued Executive Order 366 mandating government agencies to rationalize their organizations for efficiency, the DA, consistent with the recommendations in the earlier diagnostics TA, planned to create three agencies to undertake the DA technical regulation functions as a cluster. These proposed agencies

are an apex coordinating and oversight agency to be named the Philippine Agriculture and Fishery Regulatory Agency (PAFRA); a standard setting agency to be named the Philippine Agriculture and Fishery Standards Bureau (PAFSB); and an enforcement agency to be named the Philippine Agriculture and Fishery Inspection Bureau (PAFIB).

To prepare for the planned rationalization, the TA developed recommendations on interim organizing arrangements that the DA may institute as it transforms its SPS administrative system from the current fragmented set-up to a harmonized and integrated one. Among the recommendations are:

- the institutionalization of this TA's TC to become an inter-agency middle-management level TC to steer the preparatory work for transition;
- the creation of inter-agency senior-officer level transition teams to tackle specific areas of preparatory work; and
- the inclusion of the following among the specific areas of preparatory work:
 - Harmonization of other SPS (domestic, pre-border and post-border) processes and preparation of manuals
 - Drafting of comprehensive and cohesive legislation
 - Strategic planning and program development
 - Capacity building for expanded mandates, including specifically food safety
 - Staff retraining and team building
 - Preparation of risk analysis manuals
 - Development and installation of integrated information systems
 - Planning of physical arrangements and facilities (especially laboratories) deployment

C. Architecture of SPS Regulations

The TA completed a document that reports on the current and proposed architecture of regulations and (a) provides a framework that allows IT systems to map and improve the DA SPS business processes, specifically for its border operations and (b) defines a set of principles that establish the context of any architecture work undertaken in the DA. It is based on a hierarchy of principles consisting of the DA Technical Regulations Policy Statement at the top, DA IT principles in the middle, and the DA Architecture principles at the bottom. The DA architecture principles are further subdivided into business, data, application, and technology principles.

The review of current systems noted the following:

- There are multiple laws that define SPS regulations in the DA. But there are also apparent gaps in food safety regulation at the BAI and the BPI.

- There is a cobweb of relationships of agency vs function where similar functions may be performed by multiple agencies.
- The types of human interactions involved in SPS regulation are varied and complex.
- There is also a complexity in the network of interconnections among agencies and their various locations.
- Just as complex is the system of ‘nerve impulses’ that set the SPS regulatory processes in motion. Due to this, a higher degree of coordination is required to ensure that the ‘impulses’ or events are ‘relayed’ to the proper agencies.
- The same or similar data can come from multiple agencies. Furthermore, the data itself is not a shared resource among the agencies.

The design of the desired future state of architecture for SPS regulations has the following main features:

- An architecture vision of a “Single Agricultural and Fishery Electronic Trade Window (SAFE-T Window)”
- The target architecture aims to be citizen-centric and trade facilitative, applying regulation and control only when and where it is needed. At its core is the vision of the Policy Statement generated in this TA. It describes one integrated system rather than the ‘islands of systems’ of the current architecture.
- The SAFE-T Window shall be a single functioning system obeying the goals and purpose of the business.
- The organization aspect shall be described by function rather than by commodity. Thus, under this scheme, the SPS regulators are now part of a ‘functional organization’, and are defined in terms of their functional roles in the organization. This is a shift from the complex pattern of human interactions in the current architecture to the much simpler pattern of the target architecture.
- The locations are defined by function, implying that they should exist only where they are needed.
- Events trigger or are triggered by a single SAFE-T Window. This implies a shift from a ‘complex group of organisms’ to a ‘single organism’ reacting to ‘impulses’ or events in a more synchronized manner.
- A single SAFE-T Window captures and stores data once rather than many times, thereby avoiding redundancy and allowing data sharing. Under this

scenario, data now represents a ‘single version of the truth’ rather than ‘many versions of the truth’.

D. Harmonization and Streamlining of SPS Import Processes

The TC and the TA extensively reviewed and documented the current diverse rules and practices in import processes as basis to streamline and harmonize the processes across the 6 DA regulatory enforcement agencies represented in the TC. The most important outputs are:

- Re-engineered the licensing and accreditation process. Currently, an applicant has to have his own establishment in order to apply for an importer’s license. In the new scheme, an applicant for an importer’s license may use an accredited establishment owned by another. Likewise, an applicant seeking accreditation of his establishment need not apply for an importer’s license in order to store imported commodities
- Reused existing processes by selecting the best/better practice of each agency.
- Created a single process flow, a single application form, a single certificate, and a single checklist of documentary requirements for the licensing of an importer and the accreditation of an establishment, respectively, by harmonizing 13 forms and 31 documentary requirements across 4 agencies.
- Eliminated the duplicate issuance of import clearances.
- Harmonized 38 forms and 59 documentary requirements for 12 commodities across 4 agencies to create a single process flow, a single application form, a single certificate, and a single checklist of documentary requirements for the issuance of an SPS import clearance.
- Established the joint, instead of sequential, inspection of agricultural and fishery commodities, including wood packaging material (WPM), involving multiple agencies such as the inspection of containers with mixed consignments, the inspection of commodities of common interest; i.e. the inspection of small animals at risk of being plant pests, and the inspection of agricultural commodities packed in WPM.
- Created a single inspection process and a single integrated form, the DA Border Inspector’s Report, for the inspection of imported agricultural and fishery products, including WPM, at the preliminary border (the port of entry) and the final border (the storage facilities).

E. Harmonization and Streamlining of SPS Export Processes

The TCA and TA did the same for SPS export processes, with the following accomplishments as documented in a report:

- Re-engineered its exporter's licensing and establishment accreditation by adopting the re-engineered licensing and accreditation process for importers and their establishments.
- Reused existing processes by selecting the best/better practice of each agency.
- Created a single process flow, a single application form, a single certificate, and a single checklist of documentary requirements for the licensing of an exporter and the accreditation of an establishment, respectively, by harmonizing 25 forms and 70 documentary requirements across 6 agencies.
- Created a single process flow for the issuance of an export certificate and adopted the template it created for the issuance of the SPS import clearance to create a single application form.
- Harmonized the process flow for the port of exit inspection and adopted the application form template found in the DA Border Inspector's Report for its application for port of exit inspection.

F. Manuals

Based on the harmonization and streamlining work done by the TC, the TA drafted a template for a harmonized manual of SPS administration meant to provide DA regulators in the various DA agencies and bureaus with practical guidelines in doing their work. The manuals seek to put together the regulations on SPS in a document that is comprehensive and user-friendly.

The manual template divides the information on SPS administration into 7 chapters as follows:

- I. General Information
- II. Registration of Products
- III. Accreditation of Establishments
- IV. Licensing of Importer/Exporter/Handler
- V. Issuance of SPS Import Clearance
- VI. Import Inspection
- VII. Issuance of International SPS Certificate
- VIII. Port of Exit Inspection

Each regulatory agency, bureau, or division charged with technical regulations of a specific group of commodities will compile its own specific manual following this

template. The arrangement is the most practicable because, even as the TA sought to harmonize the disparate processes of the agencies, the harmonization was limited by legal and technical constraints. Each of the agencies continue to have its own legal basis and the commodity groups have different technical requirements.

Most of the substantive material is presented in annexes attached to the manual chapters. This organization allows the agencies to update the annexes as changes in the processes are adopted or as documentation of the processes improve.

Using the template, the TA focused on helping the BPI complete its manual. A completed manual for the BPI gives the other agencies more understanding of how to complete their own. Also, a completed manual addresses the BPI's pronounced need and keen desire for a manual to correct its disorganized and incomplete documentation of SPS rules and regulations.

The document generated for the BPI and to be generated for the other agencies are or will be first edition manuals. The manuals will be updated as the agencies continue, as a cluster, to further harmonization and, separately, to streamline and document their own SPS processes.

III. Key Outcomes

The accomplishments of this TA provide the technical groundwork for achieving the DA's goals of more effective, efficient, consistent, and transparent administration of SPS regulations in the DA. This TA also leaves the DA with a reasonable momentum and a responsive organization for the continued pursuit of said goals.

A. Efficient Administration

The improvements in the business processes arising from the harmonization and streamlining of border import and export processes is expected to reduce the DA's and its clients' costs in pursuing said regulations. The cost reductions will come largely from time savings and reductions in material expenses for both the DA and its clients as

- the document requirements are reduced in the processes;
- the process overlaps and duplications among agencies are eliminated;
- unnecessary activities within processes are eliminated;
- duplications in activities across processes are eliminated;
- common activities among agencies are done together instead of separately; and
- integrated processes are broken down into separate component processes while allowing parallel implementation for clients requiring more than one component process.

That the forms have been standardized also allows easier sharing of information among the agencies thus potentially reducing effort exerted in the evaluation of clients applying

for several licenses, accreditation and clearances from different agencies. The standardized forms and the harmonized processes also pave the way for the development of electronic systems that could apply across agencies and thereby further enhance information sharing and reduce DA administration and client compliance costs. The development of such a system, the Electronic SPS Certification System (ESPCS) is in fact currently ongoing using the output of this TA as basis.

B. Consistent Administration

The formulation and adoption of a policy statement to govern technical regulations of the various agencies will result in greater consistency across DA in pursuing its SPS functions. The consistency will come from sharing one set of regulatory purposes, principles and strategies as embodied in the statement. Without the policy statement, each of the agencies is guided only by its own separate and independent legal mandate.

The development of manuals for implementing the border processes will allow more consistent enforcement of the rules within agencies. Without these manuals, the regulators at various points of regulation enforcement have much discretion in implementing the various regulations.

C. Effective Administration

The process of streamlining and harmonizing the border processes allowed the agencies to discuss and adopt best practices not only in reducing administration costs but also in managing SPS risks. The processes finally agreed on are expected to reduce the incidence of border leakages and other violations of SPS regulations.

The discussions further allowed the agencies to agree on common sanctions against errant and non-conformant traders and establishments. That there is also agreement to commonly impose the sanctions across agencies (e.g. a trader blacklisted by one agency will also be blacklisted by other agencies in the DA) further reduces the incentive for agriculture players to break SPS rules. A shared information system will make it easier to implement the latter agreement.

A shared information system will also give the agencies the database to profile risks and thus, provide a better handle to address the same. Risk profiling will result in major improvements in the quality of SPS-related services of the DA.

D. Transparent Regulations

The manuals make regulations more transparent. While meant for regulators, the clients can be given access to the manuals so they know exactly how the regulators should act. The expected continued refinement of the manuals will further enhance the transparency.

E. Momentum for Reform

The work on harmonizing and streamlining border processes provide the basis for the issuance of Administrative Orders (AOs) to implement the changes. A draft AO is now being discussed at DA management level to implement TC and TA recommendations in import clearance and inspection processes. More draft AOs are expected on licensing, accreditation and registration processes tackled by this TA as DA has engaged the services of a legal expert for the purpose.

The policy statement and the architecture document give the DA the technical basis for pursuing further initiatives to enhance SPS administration. The policy statement can serve as basis for overarching legislation for DA's regulatory function. Such legislation is sorely needed to address the obvious gaps and overlaps engendered by the separate, independent mandates of the agencies.

The architecture document and the documents on harmonized and streamlined processes also provide a basis for further developing support electronic systems. As mentioned earlier, the ongoing development of the ESPCS relies on the TA outputs. The need for time- and cost-saving electronic systems will be more apparent as the agriculture sector grows and Philippine trading across borders expand.

The weekly meetings of the TC provided a venue for the regulatory agencies to discuss other SPS concerns that are strictly outside of the TA scope. Among the SPS concerns discussed by the TC are: the link-up with the Bureau of Customs (BOC) on trade facilitation at the border; the progress of the work on ESPCS; the implementation of EO 554 mandating the elimination of all export fees; cooperation with the Bureau of Food and Drugs (BFAD) of the Department of Health (DOH) on common SPS concerns; and responding to specific cases of lapses in the enforcement of SPS measures.

F. Responsive Organization

The TA depended on the TC, whose members fully embraced the objectives of the TA and enthusiastically "owned" the project. The weekly meetings of the TC have proved productive. The meetings furthered the members' understanding of SPS concerns and the strengths and limitations of their current systems. The accomplishments of the TA further encourage the members to do more. The TA allowed and encouraged the regulators in the various agencies to work as a group and to assume the responsibility for defining the specific ways to do their tasks and pursue their functions more efficiently and effectively.

Depending on the enthusiasm and organization of the very people involved in implementation bodes is the key to the successful pursuit of further enhancements in SPS administration.

IV. Further Work

The work to enhance SPS administration has just begun. The DA needs to harness the meaningful engagement of the TC to continue the effort.

The TC needs to sustain momentum in:

1. completing and updating the operations manuals;
2. completing the drafting of the implementing AOs;
3. pursuing the rationalization of the organization;
4. enhancing cooperation with the BOC and BFAD; and
5. completing and implementing the ESPCS

Other important areas of work that DA needs to start on for sustaining and expanding positive outcomes in its SPS function are defined in the recommendations in interim organizing arrangements discussed earlier.

Annex A. TOR of the Technical Assistance

Background

In response to the request of Department of Agriculture (DA) Undersecretary Segfredo Serrano in late 2004 to rationalize and streamline the administration of the various sanitary and phyto-sanitary (SPS) measures, EMERGE supported the conduct of diagnostic studies on four SPS regulatory agencies namely, Bureau of Animal Industry (BAI), Bureau of Plant Industry (BPI), National Meat Inspection Service (NMIS), and Bureau of Agriculture and Fisheries Product Standards (BAFPS). The studies were completed in February 2006. Some of the salient findings of the studies are the following: (i) responsibility for SPS regulation is fragmented among several agencies, each with its own legal mandate, and reporting to different DA undersecretaries; (ii) there are overlapping responsibilities as well as gaps, notably in food safety. in these legal mandates; (iii) the processes used in enforcing regulations are not well documented, allowing much discretion on the part of the enforcer; (iv) border enforcement is leaky, leaving much room for imported products to slip into the country without the appropriate inspection and clearance; and (v) laboratories abound but not one is well-equipped and supported.

A significant performance milestone for this initial phase of EMERGE TA was the adoption by DA of one of the recommendations of the diagnostic studies - to reorganize the SPS administration under two agencies - in its rationalization plan pursuant to EO 366. One agency will be for standards setting and the other for enforcing regulations. However, the change requires changing the respective charters of the various SPS regulators. In the meantime, through EO 366 rationalization plan, each of the SPS regulators (BPI, BAI, NMIS, BFAR, BAFPS) will be reorganized by grouping their personnel involved in SPS administration into those doing standards setting and standards and regulation enforcement. This will facilitate the eventual formation of the two regulatory agencies. Once the law creating the two regulatory agencies is passed, the regulatory units in the various agencies shall be separated, merged and organized as appropriate.

In April 2006, Undersecretary Serrano requested EMERGE additional TA, this time (i) to prepare and implement a plan of action to institutionalize the two regulatory organizations, which is planned to take effect in 2008; and (ii) to streamline and harmonize SPS business procedures. This second phase of the TA builds on the diagnostic phase and it is important to producing actual results on improved SPS administration at the DA.

Objectives

The proposed technical assistance aims to:

1. Develop a policy framework for SPS regulations that is effective and least trade-restrictive;

2. Develop and establish an interim organizational system that will assist the eventual formation of the two SPS regulatory agencies;
3. Develop, improve and streamline business procedures for enforcing SPS measures to make them transparent, firm-neutral and simplified; and,
4. Develop operating manuals for enforcing business procedures in the different business processes.

Scope of Work

The technical assistance will require the following tasks:

1. Development of SPS policy framework

The diagnostic studies show that there is no national policy framework in place to guide the various regulatory agencies in the implementation of SPS measures. Usually the implementation of any regulation requires a policy decision on the part of the government that there is a need to intervene in the market place to ensure the health and safety of the citizens or because there is a threat to the environment. The policy then leads to the development of legislation which is the instrument that government has to give effect to the intended intervention. Unfortunately, the mandates of the various SPS regulatory agencies stem from multiple and separate legal issuances that each tackles only specific areas of SPS work. There were no existing legislations and singular government agency responsible for overseeing the development and implementation of SPS measures. The lack of policy framework gives rise to fragmentation in SPS administration and overlapping or contradictory regulations. Thus, under the rationalization plan, there is a need to develop a policy framework that will guide SPS administration in the country.

2. Development of interim organizing arrangements leading to the dual agency SPS administration

Under the DA rationalization plan, the creation of the two regulatory agencies will come to effect in 2008. In the interim (2006-2007), the various regulatory agencies will be reorganized, whereby the units/personnel doing standards development will be delineated from the units doing standards and regulations enforcement. A coordinating agency will be designated to lead an inter-agency team that will promote the dovetailing and consistency of technical regulations across these agencies and pave the way for the eventual organization of the two distinct agencies.

This particular activity will assist the inter-agency team to: (i) develop the organizational structure, and policy systems and procedures; (ii) identify required personnel positions; (iii) determine technical requirements for the organizations, like hardware, equipment, laboratories, facilities, etc.; and (iv) identify the

physical factors that will promote and facilitative efficiency in the working environment.

3. *Development and streamlining business procedures for enforcing SPS measures*

The diagnostic study on business process shows that procedures in SPS administration are either not clear or requires improvement or they do not exist at all. All these could result to increased time and high costs of SPS administration. Thus, there is a need to develop, improve as well as streamline the business procedures. The business processes to be covered by this activity include the following:

- a. Issuance of import permit
- b. Import inspection processes
- c. Accreditation of importers/treatment providers
- d. Export inspection process
- e. Issuance of export clearance
- f. Accreditation of exporters
- g. Inspection of treatment for wood

4. *Development of operating manuals for the streamlined business procedures*

The diagnostic study on business procedures show that the processes used in enforcing regulations are not well documented. In cases where there is basic documentation, the documents need updating, completion and organizing. Absent, incomplete, disorganized and inaccessible documentation allow discretion and differences in practice among enforcers. Thus, to promote transparency and efficiency in enforcing SPS measures as well as reduce the time, cost and effort required on the part of private business, operating manuals for each of the business processes in task (3) above will be developed.

5. *Systems architecture on processes*

The fragmentation of the SPS system has resulted in the disparate implementation of the various business processes. Processes, consecutively required for business, hardly relate to each other resulting in increased costs both for the private sector and the government. For example, a structured interface and data sharing among the Bureau of Customs (BOC), BAI and NMIS in implementing inspection procedures for meat imports; in monitoring use of, or recalling, such imports; and in issuing permits for further imports will increase the efficiency for all players. To promote such interface and data sharing mechanisms, a framework system for SPS and other border processes shall be developed.

Reports and Deliverables

1. SPS policy framework
2. Architecture of SPS and other border processes
3. Interim organizing arrangements
4. Streamlined business procedures
5. Operating manuals for the SPS business processes

Proposed Vendor

EMERGE plans to implement this technical assistance activity with a purchase order to C. Virata and Associates, Inc. (CVAI), the same vendor for Phase 1 of the TA. Apart from the established expertise of its team of experts on SPS, the scope of work required by Phase 2 builds on the findings and recommendations of the diagnostic studies in Phase 1. Thus, getting another firm would not be efficient.

Project Duration

The project will be undertaken over a period of eight (8) months to start as soon as possible.

Administrative Arrangements

Undersecretary Serrano will provide the CVAI SPS Team a space to work with basic office furniture at the DA offices in Elliptical Road, Quezon City.

Reporting Arrangements

Government Counterpart	Undersecretary Segfredo Serrano – Department of Agriculture
EMERGE	Dr. Ramon Clarete, Technical Director Dr. Myrna S. Austria, Team Leader, Trade and Investment

Annex B. SSPSA TC members and their representatives

Member / Representative	Agency (Position)
Josyline C. Javelosa	DA, Policy and Planning (OIC-Asec)
Jerome D. Bunyi	DA, PRS
Maribel G. Marges	DA, PRS
Marlito C. Cabuños	DA, PRS
Gilberto F. Layese	BAFPS (Director)
Rodolfo N. Panganiban	BAFPS
Davinio P. Catbagan	BAI (OIC-Director)
Simeon S. Amurao, Jr.	DA, RFU IV4, VQS (OIC-Chief)
Florence D. Silvano	BAI, NVQS (Chief)
Balgamel C. Crooc	BAI, NVQS
Garry M. Arvesu	BAI, NVQS
Alicia A. Layson	BAI, AFSD, RMS
Marilou Esterlina D. Arifalo	BAI, AFSD, FRDS (Chief)
Esterlita E. Karganilla	BAI, AFSD, SES (OIC-Chief)
Herminia A. Tecson	BAI, AFSD
Ma. Corazon G. De Leon	BAI, AFSD, RMS (Chief)
Eufrecina Estanislao	BAI, AFSD
Catherine P. Villanueva	BAI, AFSD, RMS
Adela B. Contreras	BAI, AFSD
Lorne B. Valcarcel	BAI, AFSD
Estrella C. Panganiban	BAI, LSD (Chief)
Maria V. Abenes	BAI, LSD, VBSS (Chief)
Edward S. Briones	BAI, LSD, VBSS
Malcolm I. Sarmiento	BFAR (Director)
Edwyn B. Alesna	BFAR, FRQD (OIC-Chief)
Muriel B. Camu	BFAR, FRQD
Soledad M. Cajulis	BFAR-IVA, FQS, South Harbor (Chief)
Felipe I. Santamaria	BFAR-IVA, FQS, NAIA (Chief)
Consuelo C. Baltazar	BFAR, ASPCU (Chief)
Simeona E. Regidor	BFAR, FHS (Chief)
Amor G. Diaz	BFAR, HFIU (Chief)
Cristina R. Nuqui	BFAR, HFIU
Severino Escobar Jr.	BFAR
Joselito B. Songa	BFAR
Macaria D. Andrade	BFAR
Lucerna A. Icapin	BFAR

Annex B continued

Member / Representative	Agency (Position)
Joel S. Rudinas	BPI (OIC-Director)
Larry R. Lacson	BPI, PQS (Chief)
Laarni Mary L. Soliman	BPI, PQS
Noemi P. Gesmundo	BPI, PQS
Jesus V. Bajacan	BPI, PQS, South Harbor (OIC-Chief)
Joan-May Tolentino	BPI, PQS
Sophia P. Taburnal	BPI, PQS, South Harbor
Gloria Cecilia J. Soriano	FIDA (Administrator)
Julio L. Ferrera	FIDA, Reg IV, Standard Unit (Chief)
Mystic T. Pelayo	FIDA
Norlito R. Gicana	FPA (OIC-Executive Director)
Dario C. Sabularse	FPA (Dep Exec Dir, Pesticides)
Bernie D. Solaña	FPA (Dep Exec Dir, Fertilizer)
Jerolet C. Sahagun	FPA, OED
Julieta B. Lansangan	FPA
Jane C. Bacayo	NMIS (OIC-Executive Director)
Minda S. Manantan	NMIS (Dep Exec Dir)
Norberto A. Nival	NMIS, MIEAID
Ma. Elizabeth D. Callanta	NMIS
Edna S. Gray	NMIS, MIEAID
Isidro Callangan	NMIS, MIEAID
Mignon A. Umali	NMIS-NCR
Rona Reyes	NMIS-NCR
Oscar G. Garin	PCA (Administrator)
Carlos B. Carpio	PCA, RDEB (Dep Admin)
Arturo J. Liquete	PCA, TMDB (Dep Admin)
Chalito P. Dizon	PCA, MRD (Chief)
Edelio N. Montecillo	PCA, MRD
Rafael D. Baskiñas	PCA, TMAD (Chief)
Norma Z. Granada	PCA, PQCRD (Chief)
Miguelito E. Tarrega	PCA, MRD
Delicia S. Durano	PCA, MRD

**STREAMLINING TECHNICAL REGULATIONS
ON THE DEPARTMENT OF AGRICULTURE'S
SPS ADMINISTRATION**

**POLICY STATEMENT ON
DA TECHNICAL REGULATIONS**

July 2007

Policy Statement on DA Technical Regulations

Pursuant to the responsibilities, powers and functions granted to the Department of Agriculture (DA) and its agencies under

- Act 3639 Creating the Bureau of Animal Industry,
- Act 3101 on biologics regulation,
- PD 1144 Creating the Fertilizer and Pesticide Authority,
- PD 1433 or the Plant Quarantine Law of 1978,
- RA 1556 on animal feeds regulation,
- RA 7394 or the Consumer Act of the Philippines,
- RA 8435 or the Agriculture and Fisheries Modernization Act of 1998,
- RA 8485 or the Animal Welfare Act,
- RA 8550 or the Philippine Fisheries Code of 1998,
- RA 9296 or the Meat Inspection Code of the Philippines,
- EO 292 s 1987 or the Revised Administrative Code of 1987, and
- EO 197 s 2000 Directing all Departments, Bureaus, Commissions, Agencies, and Instrumentalities of the National Government, including Government Owned and Controlled Corporations, to Increase their Rates of Fees and Charges by not less than 20%:

1. The DA will strengthen its technical regulations in support of the following sector goals:
 - a. Increased agriculture and fishery productivity;
 - b. Increased export competitiveness; and
 - c. Enhanced quality of food and other agriculture and fishery products for consumers.

2. These technical regulations shall be for the following specific purposes:
 - a. To protect consumers from unsafe, unwholesome, mislabeled or adulterated food, feed and agricultural inputs¹;
 - b. To prevent the entry and spread of plant, animal and fish pests and diseases;
 - c. To prevent the detention or rejection of Philippine agriculture and fishery products in the export market;

¹ The regulations for this purpose shall include seed certification services and fertilizer, pesticides and veterinary biologics registration

- d. To protect the public and the environment from the risks in the use of chemical and biological production and post-harvest inputs²;
 - e. To safeguard animal welfare; and
 - f. To promote resource conservation.
3. The formulation and implementation of the technical regulations shall be consistent with following principles:
- a. Science- and risk-based. The regulations shall be based solely on an evaluation of risks using current available scientific evidence.
 - b. Targeting. Regulations shall focus on managing the specific sources of risks. Different circumstances pose different risks; demonstrable differences should be accounted for in formulating and implementing regulations³.
 - c. Proportionality, Fitness and Efficiency: Regulations shall be proportionate to the risks they are addressing. These shall be kept to what is effective and necessary to manage risks and achieve an acceptable level of protection. Regulations shall consider the costs of regulation to consumers and businesses; and adopt the least-costly approach to managing risks.
 - d. Transparency: Stakeholders shall be involved and allowed to make effective contributions in the formulation of regulations. Regulations shall be kept simple, user-friendly, and accessible to review.
 - e. Accountability: Regulations and decisions on regulatory action shall be explainable, justifiable, and subject to public scrutiny.
 - f. Equivalence. The regulations shall acknowledge and make provisions for alternative approaches to managing risks where it can be shown that the alternatives lead to the same level of protection for consumers.
 - g. Consistency. The various regulations shall be in harmony in purpose and intent.
 - h. Non-discrimination. The regulations shall be implemented fairly, avoiding unnecessary and unjustifiable distinctions in different circumstances⁴.
4. The following strategies and/or approaches shall be used in implementing the technical regulations:

² These include regulations on genetically-modified products.

³ Complying with this principle would allow the DA to account for operational risk management.

⁴Complying with this principle will allow the DA to account for national treatment.

- a. Vesting primary responsibility on industry. Businesses, from primary production to distribution, shall bear primary responsibility for managing risks and ensuring product safety and quality.
 - b. Comprehensively addressing risks, from the farm to the table. Regulations shall recognize that risks abound at the production, marketing, distribution, and consumption levels. These shall therefore use a farm-to-table approach wherein the producer, processor, transporter, vendor and consumer are persuaded to adopt proper safety and quality measures at critical points. The measures shall include features that will allow traceability of products to support the targeting of regulations and regulatory actions to specific sources of risks.
 - c. Using prevention rather than apprehension. A preventive approach that promotes appropriate risk-control measures at all relevant stages of the farm-to-table continuum shall be followed. The adoption of Hazard Analysis Critical Control Point (HACCP), Good Manufacturing Practices (GMP) and Good Agricultural Practices (GAP) shall be aggressively promoted.
 - d. Maximizing private sector participation. The many opportunities for the private sector to participate in regulatory enforcement shall be explored fully, including but not limited to, accrediting non-government entities for laboratory and certification services.
 - e. Engendering partnership with LGUs and communities. The DA shall devolve or assign, as appropriate, aspects of technical regulations to Local Government Units (LGUs) and the communities, including, among others, information dissemination, monitoring and surveillance.
 - f. Promoting harmonization with international standards. Standards and recommendations of international institutions, such as the Codex Alimentarius Commission (CODEX), Office International des Epizooties (OIE), International Plant Protection Convention (IPPC), and Association of South East Asian Nations (ASEAN) shall be used, whenever appropriate, in formulating regulations.
5. The following methods shall be used in formulating and implementing technical regulations:
- a. Standards Setting. Separate standards shall be set for safety, which shall be mandatory, and for quality, which shall be voluntary.
 - b. Risk Analysis. Regulations shall be based on a systematic and objective assessment of risks; shall consider all options for risk management; and shall

- incorporate risk communication among the risk assessors, risk managers, regulation enforcers, consumers and other interested parties.
- c. **Monitoring and Surveillance.** The results of monitoring and surveillance, among other methods, shall be used to guide the identification and assessment of risks.
 - d. **Registration and accreditation.** Registration and accreditation shall be required to pre-qualify products for use in regulated activities or business establishments for engaging in said activities.
 - e. **Inspection and certification.** Inspection and certification shall be employed at appropriate stages of the farm-to-table continuum to ensure that establishments and products satisfy relevant technical regulations. These services shall be especially made available to exporters in accordance with the requirements of the importing countries.
 - f. **Quarantine.** Detention and confinement shall be used to allow for further inspection, testing or treatment. Controls in transport and movement shall be used to prevent the spread of pests and diseases.
 - g. **Laboratory Testing.** This shall provide the scientific evidence for deciding and justifying regulatory action.
 - h. **Detention, Treatment, Recall, Destruction, and Re-export.** These actions shall be used, as appropriate, on products showing non-compliance with documentary and technical requirements. Revocation of registration or accreditation shall be used for establishments showing non-compliance with technical regulations.
6. The DA shall, in implementing these regulations, collect service fees to cover costs for services where the recipient can appropriate the full benefits of said service. The DA shall retain such fees in accordance with existing legislation. The fees retained shall be used to sustain and continuously improve the regulatory service.
- Fees shall not be collected for regulatory services designed for the benefit of the sector or general public. These services shall include surveillance and monitoring.
7. The DA shall institute appropriate controls to ensure that the formulation and implementation of technical regulations follow the principles and use the strategies and/or approaches discussed in items 3 and 4, respectively.

**STREAMLINING TECHNICAL REGULATIONS
ON THE DEPARTMENT OF AGRICULTURE'S
SPS ADMINISTRATION**

INTERIM ORGANIZING ARRANGEMENTS

July 2007

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INTERIM ORGANIZING ARRANGEMENTS

A. Background

This report is part of the outputs of the Project Streamlining Sanitary and Phytosanitary Administration (SSPSA), a USAID supported Technical Assistance (TA) to the Department of Agriculture (DA) implemented with Cesar Virata and Associates, Inc (CVAI). The DA requested this TA to enhance its preparations for the planned integration of the regulatory functions of its bureaus and attached agencies as proposed in the Rationalization Plan submitted in compliance with EO 366.

More specifically, this report contains recommendations on the interim organizing arrangements that the DA may wish to institute as it develops its SPS administrative system, from the current fragmented set-up to a harmonized and integrated one.

B. The Current Administration

Seven DA bureaus and agencies currently implement the DA's SPS function. These are the Bureaus of Animal Industry (BAI), Plant Industry (BPI), Fisheries and Aquatic Resources (BFAR), and Agriculture and Fisheries Product Standards (BAFPS), the National Meat Inspection System (NMIS), the Fertilizer and Pesticide Authority (FPA), and Fiber Industry Development Authority (FIDA). Three DA-attached corporations - the Philippine Coconut Authority (PCA), the National Food Authority (NFA), and the Sugar Regulatory Administration (SRA) - are also involved in trade regulation.

The SPS-related mandates and functions of the DA agencies are:

BAI

Mandate: Covers the following agricultural products: livestock, eggs, whole milk, skimmed milk, leather, animal and fish feeds, veterinary drugs and biologics, veterinary pesticide and genetic materials such as semen, hatching eggs and embryo

Functions:

- a. Certifies as to identity of animal products and veracity of declaration and wholesomeness
- b. Issues Veterinary Quarantine Clearance (VQC) for live animals including exotic animals
- c. Issues Veterinary Health Certificate (VHC) for live animals including exotic animals
- d. Issues International Veterinary Certificate

- e. Licenses manufacturers, suppliers, distributors and retailers of animal feeds
- f. Licenses manufacturers of veterinary biological products.
- g. Formulates standards on feeds, biologicals, protocols, farm accreditation, animal facilities and labeling.
- h. Registers farm vehicles and animal traders.
- i. Accredits animal disease diagnostic laboratories.
- j. Registers animal facilities and meat handlers
- k. Accredits foreign meat establishments together with NMIS
- l. Issues import, export and domestic transport permit
- m. Collects registration, licensing and certification fees

BPI

Mandate: Covers the following agricultural products: fresh plants including GMO, furniture, planting medium, SPRT and pesticide formulation, MRL monitoring, seeds and germplasm.

Functions:

- a. Prevents the introduction of exotic pests in the country and to prevent the further spread of existing plant pests in infested areas to pest-free areas
- b. Enforces phytosanitary measures for the export of plants, plant products and regulated articles
- c. Protects agricultural crops from pests and diseases through the establishment and operation of 12 RCPCs
- d. Monitors the levels of pesticide residue in crops and the environment to protect local and international consumers from possible health hazards
- e. Checks possible indiscriminate use and application of pesticides on food and other food products
- f. Determines pesticide degradation rates for different crops to be able to establish 'waiting time' and to recommend improvements in agricultural practices
- g. Determines and evaluate practices on pesticide use for possible modification to reduce pesticide residues in agricultural crops to acceptable low levels
- h. Maintains pesticide laboratories throughout the country (LOI 986 and reiterated in PD 1144, the decree that created the Fertilizer and Pesticide Authority, which recognized BPI's mandate on pesticide residue analysis)
- i. Monitors the level of chemical residues in agricultural crops and by-products and to recommend policies for the safety of consumers
- j. Ensures safe supply of fresh agricultural crops, to improve the quality of local fresh agricultural crops and to promote their export

NMIS

Mandate: Covers meat products

Functions:

- a. Conducts monitoring and surveillance of hot meat, illegally slaughtered meat and spuriously sourced imported meat.
- b. Operates laboratory services for analysis of meat and meat products
- c. Accredits and inspects meat establishments for conformance to safety standards
- d. Conducts researches on meat standards
- e. Collects registration/licensing, accreditation, certification, inspection and laboratory fees

BFAR

Mandate: Covers fish, fishery products, and aquatic resources including micro-organisms.

Functions:

- a. Inspects and certifies live food and ornamental fish (trade), shellfish for local and international markets, to be free from contamination of marine biotoxins and cyanide
- b. Formulates laboratory protocols, standards, manual of operation
- c. Implements standards and specifications in value added fish/fishery aquatic products
- d. Provides laboratory services for fish quality management of fishery products
- e. Establishes and implements an inspection system for import and export of fish/fishery aquatic products and fish processing establishments to ensure product quality and safety
- f. Implements commitments under the WTO on sanitary certificates for fish and fishery products
- g. Develops national fish and fishery products quality standards to include code of practices
- h. Conducts quarantine activities of all imported and exported fish and fishery products, including those for domestic trade
- i. Documents and authorizes the movement of trading of fish and fishery/aquatic products
- j. Formulates and implements policies, procedures in the issuances, conventions, transfers and renewals of fishpond lease agreements, issuances of permits and clearances for fishery trade, and issuances of special and gratuitous permits for the exploitation of fishery resources for experimental and research purposes

BAFPS

Mandate: Covers agricultural and fisheries products

Functions:

- a. Formulates and/or modifies national standards
- b. Participates in the development of international standards and harmonization of established international standards with national standards
- c. Participates in international deliberations and fora on safety and quality of agriculture and fishery products
- d. Facilitates consultative meetings and public hearings on the establishment of national standards
- e. Serves as Philippine focal point for Codex-related matters
- f. Coordinates with laboratories of other agencies with standard enforcement functions on laboratory requirements for testing and method of validation
- g. Conducts tests and analysis of raw, primary- and secondary-processed agriculture and fishery products for standards development
- h. Conducts research on the safety level for human consumption of additives, contaminants and other deleterious substances used or added in raw, primary- and secondary-processed agriculture and fishery products
- i. Conducts laboratory analysis or evaluation on SPS notifications where no international standards, guidelines or recommendations exist
- j. Collaborates with relevant agencies including those under the DTI, DOST and DOH on laboratory accreditation and certification of small and medium enterprises
- k. Conducts inspection and certification of handling and processing plants, storage facilities, abattoirs and public and private markets
- l. Enforces and disseminates information on standard requirements for preservation, packaging, labeling, importation, exportation, marketing distribution and advertising of agriculture and fisheries products
- m. Undertakes studies on areas not covered by the other divisions such as on non-food agriculture and fishery products, TBT issues, etc

FPA

Mandate: Covers fertilizer and pesticide products

Functions:

- a. Registers fertilizers and pesticides
- b. Issues import and export permits
- c. Licenses, accredits and inspects fertilizer and pesticide handlers and establishments
- d. Operates a fertilizer laboratory for the analysis of fertilizer samples.

- e. Accredits fertilizer and pesticide testing facilities.
- f. Enforces and monitors compliance of fertilizer and pesticide companies with FPA rules and regulations
- g. Collects registration/licensing and certification fees.

FIDA

Mandate: Covers fibercrops except cotton

Functions:

- a. Issues clearance, permits for fiber grading and baling
- b. Registers exporting processing plants
- c. Issues import and export permits
- d. Formulates standards for fiber grading and bailing
- e. Collects registration, certification, and accreditation fees

C. The Proposed Rationalization¹

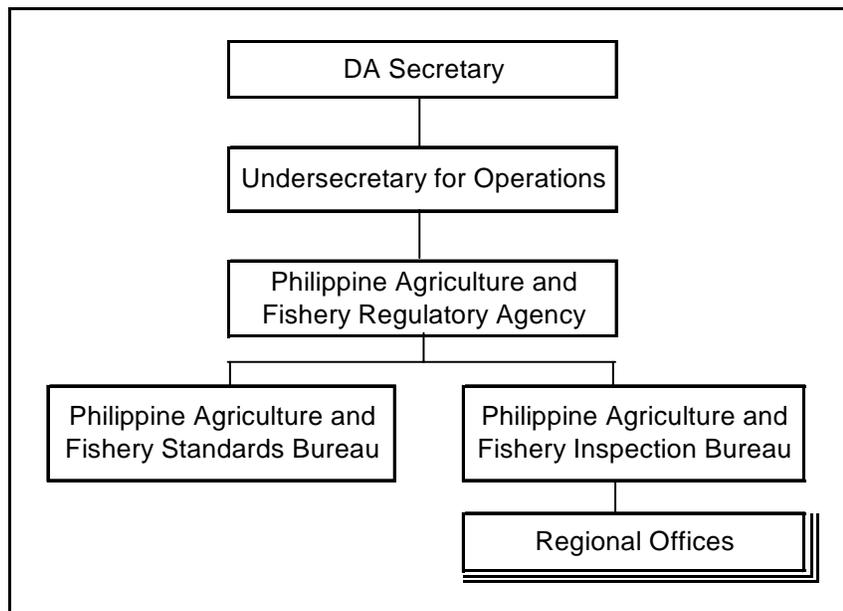
To rationalize its regulatory function, the DA plans to create three agencies that will undertake the DA technical regulation functions under a unified command. These proposed agencies are an apex agency, the Philippine Agriculture and Fishery Regulatory Agency (PAFRA); a standard setting agency, the Philippine Agriculture and Fishery Standards Bureau (PAFSB); and an enforcement agency, the Philippine Agriculture and Fishery Inspection Bureau (PAFIB). The PAFRA and the PAFSB shall be staff agencies while the PAFIB shall be a line agency with regional offices.

These three agencies shall be created from the staff of the NMIS, FPA and BAFPS as these agencies shall be deactivated, and the staff involved in technical regulations in BAI, BPI, BFAR, and FIDA. The corporations shall retain their technical regulations staff and functions, but their respective budget and workplans on regulations shall be reviewed by PAFRA.

The proposed organizational chart for the regulatory cluster is shown in Box 1.

¹ This section is based on the Regulatory Cluster Report to the Change Management Team on DA's Rationalization Plan

Box 1. Regulatory Cluster



PAFRA

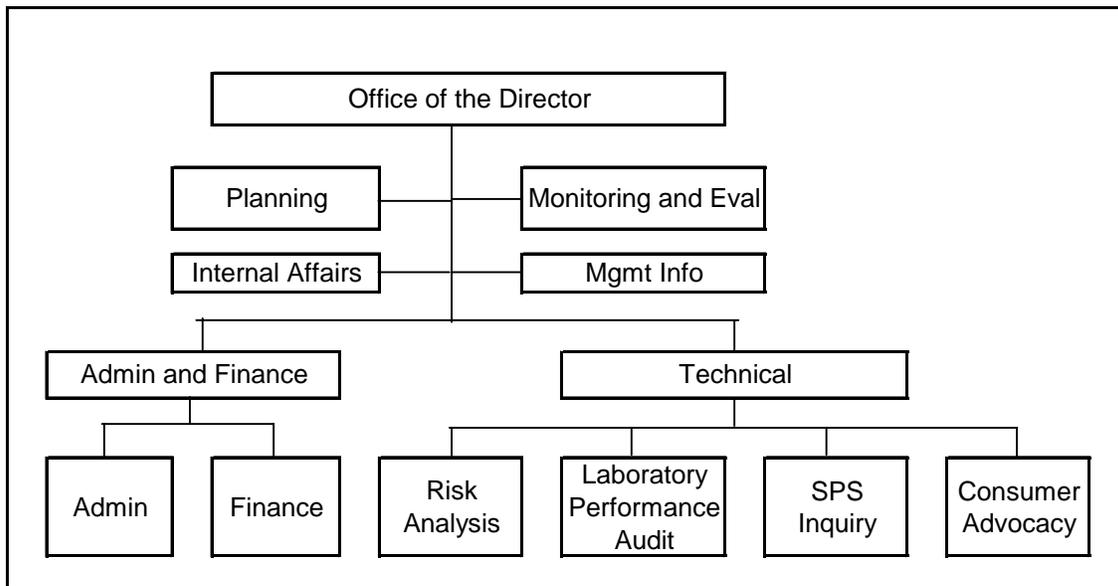
The proposed mandates and functions of PAFRA are:

- a. Lead in the strategic planning for, and review of, DA regulatory programs;
- b. Undertake management and financial audits of all regulatory functions;
- c. Ensure that DA regulations are science-based and consistent with DA policies and international commitments;
- d. Conduct risk analysis in consultation with experts in relevant government and non-government organizations, including the academe, industry, professional societies and consumer organizations;
- e. Serve as the Sanitary and Phytosanitary Sanitary (SPS) Notification and Inquiry point, and the Contact Point for all related information;
- f. Audit laboratories supporting standards development and regulations enforcement, and ensure quality in regulatory laboratory services;
- g. Take the lead in agriculture and fishery consumer education, with adequate provisions for emergency preparedness and rapid alerts; and
- h. Exercise administrative supervision over the PAFSB and PAFIB and technical supervision over regulatory units of attached corporations of the Department.

PAFRA shall have four technical divisions – Risk Analysis, Laboratory Performance Audit, SPS Inquiry, and Consumer Advocacy; two administrative divisions and four staff sections.

The proposed organizational chart for PAFRA is shown in Box 2.

Box 2. PAFRA



PAFSB

The proposed functions of PAFSB are to:

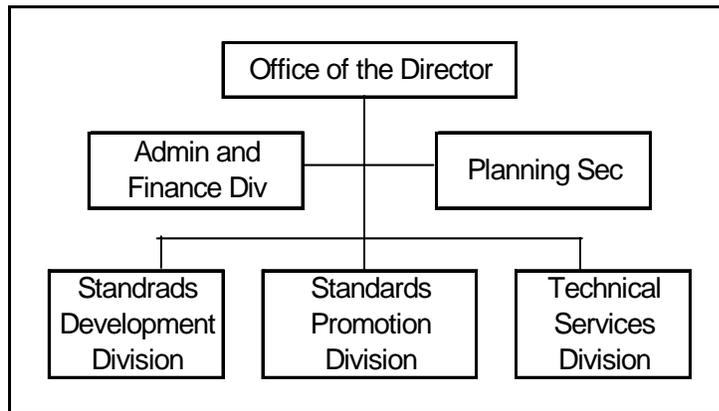
- a. Provide leadership in the formulation of a highly transparent and participatory system of standards development in collaboration with various stakeholders.
- b. Take the lead in developing appropriate national agriculture and fishery standards;
- c. Translate relevant laws and related issuance into standards, regulations, directives and guidelines;
- d. In partnership with PAFEA, develop an information and educational program to promote the implementation of, and compliance with, national agriculture and fishery standards and regulations;

- e. Provide leadership in the development of voluntary systems of standards application; and
- f. In close partnership with PARDAF and PAFEA, identify and develop R&D and IEC programs/activities needed to support and strengthen DA regulations.

PAFSB shall have three technical divisions, one administrative division, and a planning section.

The proposed organizational chart for PAFSB is shown in Box 3.

Box 3. PAFSB



PAFIB

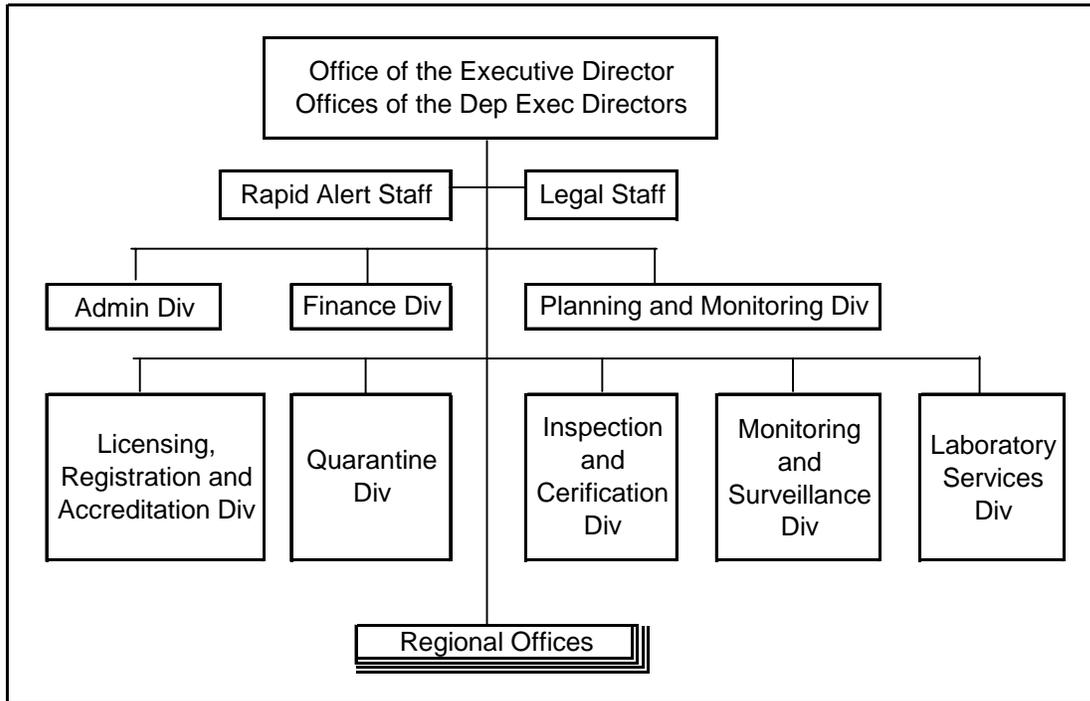
The proposed functions of PAFIB are to:

- a. Develop and implement national enforcement programs for agriculture and fisheries regulations to cover the following functions:
 - 1. Licensing, registration, accreditation, inspection and quarantine services; and
 - 2. Monitoring and surveillance to ensure compliance with DA regulations;
- b. Provide and outsource laboratory services in support of regulatory measures and undertake validation where appropriate;
- c. Design and manage a rapid alert system for emergency preparedness; and
- d. Recommend to PAFRA the delegation of enforcement functions where appropriate.

PAFIB shall have five technical divisions, three administrative divisions, two staff support sections and regional offices.

The proposed organizational chart of PAFIB is shown in Box 4.

Box 4. PAFIB



D. Transitional Tasks

The rationalization plan aims to integrate the regulatory functions by task groups so that the interventions are harmonized, consistent across sectors, and free of redundancy and gaps. Integration is meant to promote the more efficient administration of regulations and to engender a more cohesive regulatory framework.

To attain these objectives of rationalization, there are a number of tasks that should be undertaken with -- or better yet, preparatory to -- the creation of the new organizations. Tackling these tasks earlier will ensure that the new organizations have the bases, plans and structures for efficiently performing their respective functions. Tackling these tasks outside of the creation of the proposed agencies – i.e assuming the rationalization does not materialize, -- will also have some positive impacts on attaining the objectives of the rationalization. These tasks are thus proposed to be the focus of transitional arrangements. Among these tasks are:

- Harmonization of processes and preparation of manuals
- Drafting of legislation
- Strategic planning and program development
- Capacity building for new mandates
- Staff retraining and team building
- Preparation of risk analysis manuals
- Installation of integrated information systems
- Definition of physical arrangements and formulation of facilities deployment plans

Harmonization of Processes and Preparation of Manuals

The fact that regulatory administration at the DA has been fragmented means that the various regulations in place, while conceptually addressing the same risks (e.g pest and disease) or using the same regulatory instruments (e.g. inspection, accreditation), can be very dissimilar in operational details. For example, the forms, requirements, and process flows for the issuance of import clearance differ across agencies.

The SSPSA TA includes a component for harmonizing the border processes performed by the various agencies and preparing the corresponding manuals. However, there are a number of shared regulatory processes that are outside the scope of the harmonization and manualization work of this TA. These are the pre-border, post-border and domestic processes, such as the accreditation of foreign establishments exporting to the Philippines; notification of exporting country on cases of Philippine import rejections; and accreditation and inspection of handlers and establishments in domestic storage, transport, processing and marketing; monitoring of use of restricted imports.

Drafting of Legislation

The various agencies, and their mandates in technical regulations, have separate legal bases. Thus there are overlaps and gaps. In some cases, the separate laws hamper the full harmonization of the processes. The integration of the agencies by task groups will partly address these issues. However, cohesive and comprehensive legislation will be needed to ensure that the proposed agencies are properly guided and legally enabled. Such legislation should clearly spell out the objectives, principles, scope, and other parameters of technical regulations and the responsibilities and obligations of the implementing institutions. This legislation should also clearly provide for food safety regulations.

Capacity Building for New Mandates

The rationalization plan is also meant to ensure balance in regulation across sectors. A clear conclusion from the diagnostic studies done in Phase 1 of this TA is the inadequate

provisions for food safety functions. The NMIS and BFAR tackle food safety in meat and fish products, respectively. However, but there is no agency charged with the safety of plant-based products. Consequently, the DA's staff expertise in the area is low and there are no facilities for the technical regulation of such products. With the proposed inclusion of ensuring food safety as a core function of the regulatory cluster, it is important that an assessment be made of the current capacities in this area, how these capacities can be enhanced or supplemented over the medium term through, among other measures, enhancing both staff expertise through trainings and recruitment and laboratory capacity through DA laboratory extensions or retooling and private accreditation.

Strategic Planning and Program Development

The various agencies involved in SPS mostly act independently and separately of each other, especially since the agencies report to different Undersecretaries in the DA. The decision to have an apex institution is meant precisely to correct this in that a main task of this apex institution will be to formulate the strategic plans and develop broad programs that the standard setting and implementation agencies can dovetail with. These strategic plans and development programs should consider the needs of the sector as well as the capacities that are expected to be inherited by the new institutions from the current set-up. These plans and programs should include the vision of the cluster, the set of interventions to attain the vision, the priority areas for intervention, and the specific outcomes, outputs and inputs for the interventions. In short, the plans and programs should provide the road map for the cluster so that it stays focused on, and able to pursue, its core mission(s). A component(s) for gradually expanding activities in ensuring food safety should be part of these plans and programs.

Staff Retraining and Continuing Capacity Building

As the affected agency employees move to the proposed organizations with new ways of doing business, some of them who will essentially be doing the same tasks will require some orientation on the new processes. On the other hand, personnel with altered work descriptions will require retraining. In addition, a strong human resource development program is needed to ensure that the organization keeps pace with new learning on its specific functions and mandates and to motivate affected employees to favorably accept the changes. Possible disruptions in regulatory services would be minimized as the organizations are re-configured if these orientation, retraining and continuing training programs have been planned for.

Preparation of Risk Analysis Manuals

The basis of technical regulations is risk analysis, defined as risk assessment, risk management and risk communication. The diagnostics on the DA SPS system completed during the first phase of this TA indicate the general weakness in this area. Thus,

international standards are generally adopted; access of new products and new markets are constrained; and regulations may be unnecessarily strict or unwittingly inadequate. It is therefore important to draft the risk analysis manuals so that the considerations are explicit, the tools and methodologies are specified, the specific processes are defined, and the participants and roles are clarified.

Installation of Integrated Information Management systems

The agencies, in the course of work, regularly accumulate data that can provide a wealth of information, if these are organized, standardized and contained in an integrated system. It is important that the work to standardize – define and harmonize terms, units, timeframes, sources, manner of collecting, reporting forms, and reporting periods -- these data collected is commenced. It is also important to identify the types, reporting forms and uses of information to be generated from these data. In addition there is a lot of information from international institutions accessible by internet that is relevant to the work of the regulatory cluster. . These information should be identified and retrieved and their sources documented. Finally, there is a need to define a vision of how these data and information will be stored, accessed and managed.

Physical Arrangements and Facilities Deployment

An important task in preparing for the new organizations is defining the physical arrangements and facilities deployment. It is presumed that the new organizations will inherit the offices and facilities of the BAFPS, the NMIS and the FPA because these are the agencies to be deactivated under the plan, but they will also assume the technical regulation functions and absorb the corresponding staff of the BAI, BFAR, BPI, and FIDA. Planning the use of space and facilities to accommodate expanded functions and staffing will be a challenge that needs to be addressed. Such planning should consider the specific workloads, workflow, staff complement, input requirements and sources, and output recipients of the proposed agencies and their divisions and sections.

E. Technical Committee and Transition Teams

The first phase of the TA was ably guided and supported by a Technical Committee (TC) composed of representatives of the concerned agencies. In this second phase, the commitment of the TC to the project objectives was clear and this resulted in the full participation of the TC members in the generation of the project deliverables. This also made the project outputs relevant, applicable, suitable, implementable, and most of all, acceptable to the concerned agencies.

In the harmonization of the processes, the TC members were asked to identify other members of their respective agencies who were directly involved in the particular business processes and to include them in the discussions, meetings and workshops. The

response and outcome has been notably productive as the concerned officers and technical staff showed openness in both sharing and improving their own business processes. These officers and staff began to 'own' the project. Moreover, the officers and staff who share business processes have grouped themselves into self-managing teams, assuming the responsibility for defining the specific ways to do their tasks and pursue their functions more efficiently and effectively.

The experience of this TA highlights the importance of meaningful engagement of the people who shall be affected by organizational and system changes. These people know the requirements of their respective jobs, they know the limitations and challenges, and they know their clients and stakeholders.

It is proposed that transition teams handle the transition tasks with a technical committee providing overall guidance. As the rationalization plan places the proposed organizations under the supervision of the DA Undersecretary for Operations, it is further proposed that the TC report to the said Undersecretary.

The key members of the TA TC can be the members of the Transition TC. With the experience in this TA, there is no doubt that these personnel have the vision, competence, leadership, and commitment required to effectively promote changes in the organization. These staff members are listed in Annex A.

It is proposed that Transition Teams be organized for each of the eight tasks listed in Section D above. These Transition Teams should be inter-agency and include the relevant personnel. These Teams are important not only for the outputs expected of them but to sustain the inter-agency team building and engagement started by this TA. These Transition Teams can draw from the list of personnel who have been active in this TA. This list is in Annex B.

The Terms of Reference for the Transition Teams can include proposed generic provisions as shown in Annex C and have specific tasks based on the discussions in Section D.

Annex A. Proposed Members of the TC

Asst. Sec. Joy Javelosa, PRS, Chair
Mr. Jerome Bunyi, PRS
Mr. Larry Lacson, BPI
Dr. Simeon Amurao, BAI
Ms. Muriel Camu, BFAR
Dir. Minda Manantan, NMIS
DED Dario Sabularse, FPA
Mr. Julio Ferrera, FIDA
Atty. Arturo Liquete, PCA
Dir. Gilberto Layese, BAFPS

Annex B. Proposed Members of the Transition Teams

Ms. Maribel Marges, DA Policy
Mr. Marlito Cabunos, DA Policy

Ms. Merle Palacpac, BPI
Ms. Laarni Mary Soliman, BPI
Ms. Noemi Gesmundo, BPI
Ms. Jo Ann Tolentino, BPI

Dr. Florence Silvano, BAI
Ms. Ma. Corazon de Leon, BAI
Ms. Lorne Valcarcel, BAI
Ms Estherlina Arefalo, BAI
Ms. Esterlita Karganilla, BAI
Dr. Estrella Panganiban, BAI
Dr. Marie Abenes, BAI
Dr. Alicia Layson, BAI
Ms. Eufrecina Estanislao, BAI
Dr. Gary Arvesu, BAI
Dr. Balgamel Crooc, BAI

Mr. Edwyn Alesna, BFAR
Ms. Muriel Camu, BFAR
Ms Simeona Regidor, BFAR
Ms. Flor Abella, BFAR
Ms. Ching Baltazar, BFAR

DED Elizabeth Callanta, NMIS
Dr. Edna Grey, NMIS
Dr. Norberto Nival, NMIS
Mr. Isidro Callangan, NMIS

Ms. Jerolet Sahagun, FPA

Mr. Julio Ferrera, FIDA

Mr. Rafael Baskinas, PCA
Mr. Edelio Montecillo, PCA
Ms. Norma Granada, PCA

Mr. Rodel Panganiban, BAFPS

Annex C. Proposed Terms of Reference for Transition Teams

Objective of the Regulatory Cluster:

- Promote the more efficient administration of regulations and to engender a more cohesive regulatory framework.

Mission

- Integrate the regulatory functions by task groups so that the interventions are harmonized, consistent across sectors, and free of redundancy and gaps.

Chairperson

- One member of the Transition Technical Committee will chair the Transition Team.

Membership

- The Transition Team will comprise of representatives designated by the DA Regulatory Agencies

Time frame

- The Transition Team will continue as necessary to complete its mission.

Responsibilities

- The responsibilities of the Transition Team will include, where feasible and appropriate:
 - work co-operatively towards the common goal
 - attend face to face meetings of the WG
 - share information
 - provide comments and input to proposed documents in a timely fashion
 - develop and maintain a schedule to ensure that the tasks get done.
- The responsibilities of the Chair of the Transition Team will include:
 - Ensure that Transition Team members represent all concerned units of the Regulatory Agencies
 - Provide for a Transition Team administrative secretariat and support for Transition Team expenses from his/her agency
 - Provide regular updates and progress reports to the Transition Technical

- Committee to get guidance as appropriate
- Report the agreements of the Transition Team to the Transition Technical Committee for final endorsement to the concerned agencies or DA Central Office or any other action as may be necessary to implement the agreements

Accountability

- The Transition Teams will be a recognized working group of the Transition TC of the DA Regulatory Clusters

Frequency of Meetings and Costs

- Meetings will be called at the discretion of the Chair.
- Meeting expenses such as documents reproduction will be charged to the Chair's Agency.

Reporting Relationships/Decision Making

- Decisions will be reached by consensus.
- Transition Team members will ensure that these decisions are cleared with or communicated to the senior and top management of their respective agencies.