

International Standards and Development Support Project

Introduction

The integration of developing countries into the world economy is at the heart of the UK and the EC's trade and development agenda. There is a close correlation between export expansion and economic development. Analysts have pointed to a number of reasons why the export-oriented growth strategies deliver more rapid economic development than import substitution strategies. First, a developing country able to specialize in producing labour-intensive commodities uses its comparative advantage in the international market and is also better able to use its most abundant resource—unskilled labour. Second, most developing countries have such small domestic markets that efforts to grow by starting industries that rely on domestic demand result in uneconomically small, inefficient enterprises. Moreover, those enterprises will typically be protected from international competition and the incentives it provides for efficient production techniques. Third, an export-oriented strategy is inconsistent with the impulse to impose detailed economic controls; the absence of such controls, and their replacement by incentives, provides a great stimulus to increases in output and to the efficiency with which resources are employed. Once market access has been obtained international trade creates an environment conducive to the acceptance of new ideas, new wants, and new techniques of production and methods of organization from abroad. This is also known as development.

Over the past two decades there have been concerted international efforts to reduce export barriers. Tariff barriers to trade have significantly reduced generally and specifically developed countries have put in place duty-free and quota-free market access for nearly all exports from Least Developed Countries (LDC). Mechanisms to address non-tariff barriers have also been strengthened, particularly after the formation of the World Trade Organisation in 1995 and fora such as Sanitary and Phytosanitary (SPS) and Technical Barriers to Trade (TBT) committees. Despite this progress and increased participation in the Codex Alimentarius, World Organisation for Animal Health (OIE) and International Plant Protection Convention Meetings, developing countries remain concerned about attaining internationally recognised standards particular where they impact access to food and agriculture markets.

The agricultural sector commonly contributes 30-40 percent of GDP in developing countries. It is generally accepted that the poorer the country the more important the agriculture sector is for their development, as the majority of the poor reside in rural areas. Developing export trade from these countries can have significant benefits in terms of increasing productivity, efficiency and income generation. For example, African horticulture exports are a success story. Fresh fruit and vegetables are one of the largest exports from sub Saharan Africa not including South Africa. They account for seven per cent of total exports from the region to the UK and were worth over £200 million in 2005. This market represents a vital opportunity for agricultural producers and workers in developing countries. Furthermore it has been shown that such export trade in agricultural products does impact on poverty. Swinnen and

Maerten's analysis¹ of horticultural exports from Senegal showed that they reduced regional poverty by around 12 percentage points and reduced extreme poverty by half.

Project Objectives and outputs

The goal of this project is to help address poverty in developing countries with export-oriented development strategies for agricultural and food products.

The project will focus on animal, plant health and food safety standards that particularly affect international market access for developing countries. The initiative will add value to existing international efforts to build the capacity of developing countries to:-

- i) engage in standard setting processes of both the International Standard Setting Bodies (ISSB) and companies setting Private Voluntary Standards (PVS) and
- ii) meet existing international standards.

The UK government departments with the mandate and expertise to work on agricultural health and food safety are Defra (particularly the international animal health, plant health and international relations teams) and the independent Government department 'The Food Standards Agency'. The primary purpose of these bodies is to protect the UK public and interests. Despite having a wealth of expertise they are restricted in their capacity to constructively engage on international development efforts. However they all recognise that increasing market access for formally exported goods, produced to agreed international standards, is an indirect way of protecting the UK public, benefiting exporting countries and making UK exports to a wealthier global community more likely... a triple win scenario.

The main objective of this project is to add value to international efforts to promote market access by linking UK expertise with specific international initiatives.

The three outputs will be as follows:-

1. Increased capacity of countries with export-oriented development strategies to export to EU and global markets
2. Standards more effectively acting as a catalyst to upgrade the agri-food industry, exploit comparative advantages and realize profitable trading opportunities. The UK is well placed to ensure standardization and certification can help to reduce transaction costs related to trade between countries with diverging norms on food quality and safety.
3. International efforts to support developing countries to meet international SPS standards are better coordinated and based on Paris Principles of best development practice.

¹ Miet Maertens and Johan F.M. Swinnen. 2006. Trade, Standards, and Poverty: Evidence from Senegal <http://ideas.repec.org/p/lic/licosd/17706.html>

Methodology

The key to the success of this project will be strengthening the links between the following entities:-

1. technical and policy expertise found in Defra and the Food Standards Agency,
2. international SPS related capacity building and development initiatives,
3. analytical and research experience found in Non Governmental Organisations (NGOs) / Universities and
4. private sector interest in supporting market access by developing countries and the small producers in those countries.

To build these strong linkages the consultant will be based in Defra and the Food Standard Agency, as these two institutions:-

- i) contain significant technical expertise to support the development orientated placement,
- ii) have proven effective communication channels with key decision making bodies within the EU, International Standard Setting Bodies, the WTO and the private sector,
- iii) are well respected internationally as they base opinion on evidence
- iv) see the value in the initiative. Defra and FSA have agreed to support the placement in terms of office space, formulation of working relationships and travel coordination.
- v) the initiative provides an opportunity to ensure policy harmonisation and close contact across Whitehall.

Tasks

Cross Cutting

- **Private Voluntary Standards (PVS)** have received considerable attention in recent months. There is concern that PVS are undermining the standards of ISSBs and are established on the basis of perceived consumer demand rather than sound science and risk assessment. Both Defra and DFID acknowledge that there are both advantages and disadvantages of private-sector standards and have agreed to work together with private-sector standard-setters, as with the public regulators, to increase opportunities for small-scale and poor farmers to meet their standards.

”Defra and DFID (with the support of BERR and the FSA) are committed to working together to ensure that agricultural, fisheries and aquaculture product standards benefit small scale producers whilst not increasing the risk to the UK”

- PVS have the potential to impact both positively and negatively on the project outputs, particularly output 2. The following SDO tasks are designed to ensure positive impact.
 - Engagement with PVS organisations to increase awareness of the impact arbitrary standards and excessive certification costs on developing country producers.
 - Building linkages with PVS organisations to ensure they have access to evidence that informs regulation setting.
 - Consulting with NGOs and Universities working on PVS and development issues, particularly the impact of private standards on developing countries. For example, GTZ, ISEAL, US Department of Agriculture, EC, Dutch Ministry of Foreign Affairs, IDS, IIED and NRI are all working in this area but have few if any contacts with UK government technical expertise.
 - Drawing attention to private standards and PVS assurance mechanism that are having a negative impact on market access and development.
 - Briefing Defra, FSA and DFID on technical and development issues.

- **Rationalisation**, standards development requires high levels of focused technical input. Ensuring broader issues such as capacity building and development are adequately supported is challenging and requires adequate time and attention to both create and take advantage of opportunities to achieve the project outputs. The consultant will therefore:-
 - Monitor donor activity, progress with capacity building initiatives, notably the Codex and IPPC trust funds, OIE animal health and welfare trust fund, the Standards and Trade Development Facility working group and policy committee, the Trade Standards Practitioner Network Steering Committee, EC DG Sanco and Trade and WTO SPS, TBT and Trade and Development Committees to ensure scarce resources are properly targeted with the avoidance of duplication and inconsistency.
 - Leverage further funding for specific development and standards initiatives of concern to Defra, FSA and DFID through the development of concept notes and funding proposals. This will include approaching private foundations such as the Bill and Melinda Gates Foundation.

Specific standards areas

- **Animal Health and Welfare**
 - Engaging stakeholders to ensure international recognition of livestock product standards that improve developing country access in to markets².
 - Formulating proposals to support developing countries use of new product based standards to access livestock markets
 - Engagement with EC on animal health / trade / development issues (e.g. Avian Influenza and EU-Africa linkages).

² See <http://r4d.blip.tv/file/989242>

➤ **Plant Health**

- Increasing capacity of the international standards community to address any standards and regulations deemed not to be based on science by identifying such standards, gathering the evidence with technical colleagues and making that evidence available to the relevant committees and country representatives.
- Ensuring the international standards community is better equipped to support pest control and plant health capacity building in developing countries by monitoring aid coordination mechanisms within WHO, WTO (STDF), FAO, the EC and the donor community to identify opportunities and entry points for technical support.
- Influencing the direction of the IPPC through support for IPPC Trust Fund.

➤ **Food Safety**

- Building development orientated linkages between Codex Alimentarius committees, WHO, FSA, Infosan, WTO (STDF), FAO, the EC and the donor community to improved good exchange of information and ability to quickly take advantage of food safety capacity building and aid coordination mechanisms.
- Increasing capacity of the international standards community to address any standards and regulations deemed not to be based on science by identifying such standards, gathering the evidence with technical colleagues and making that evidence available to the relevant committees and country representatives.
- Monitoring and meeting with the Codex Trust Fund to ensure it moves from being a fund that merely pays for attendance of Codex meetings to an initiative that has real impact on food safety policy and institutions in developing countries.

Reporting Relationships

The SDO would report and discuss activities to one line manager in each of DFID, Defra (international relations) and FSA. The SDO will provide monthly updates to line managers and quarterly work plans, progress reports and cost estimates to a working group.

DFID, Defra and FSA will form an **International Standards and Development Support Project Working Group** to discuss work plans, reports, progress, challenges and coordination on a regular basis. This would convene quarterly with a face to face meeting every six months. The consultant will report to one officer from each government department on these issues.

The consultancy will be located in Defra's International Relations Team whilst working with Defra colleagues and in FSA EU and International Team whilst working with FSA colleagues.

The division of the consultant's time will broadly be along the following percentages

Cross cutting issues

PVS	15%
Rationalisation	20%
Reporting	5%

Specific standards areas

Animal Health	30%
Plant health	15%
Food Safety	15%

Duration

The project will begin in August 2009 and run for 2 years with the possibility of an extension of up to 2 years.