



# Technical Assistance Report

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Project Number: 46256-001  
Regional—Capacity Development Technical Assistance (R-CDTA)  
September 2014

## Enhancing Capacity of Sanitary and Phytosanitary Arrangements to Facilitate Trade in the Greater Mekong Subregion (Financed by the Japan Fund for Poverty Reduction)

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**Asian Development Bank**

## CURRENCY EQUIVALENTS

(as of 1 September 2014)

Currency unit	–	riel/s (Cambodia)
KR1.00	=	\$4,065
\$1.00	=	KR0.000246
Currency unit	–	kip (Lao People's Democratic Republic)
KN1.00	=	\$8,048
\$1.00	=	KN0.000124
Currency unit	–	kyat (Myanmar)
MK1.00	=	\$.001029
\$1.00	=	MK971.250
Currency unit	–	yuan (People's Republic of China)
CNY1.00	=	\$6.144
\$1.00	=	CNY0.162739
Currency unit	–	baht (Thailand)
B1.00	=	\$31.94
\$1.00	=	B0.031303
Currency unit	–	dong (Viet Nam)
D1.00	=	\$21,200
\$1.00	=	D0.000047

## ABBREVIATIONS

ADB	–	Asian Development Bank
ASEAN	–	Association of Southeast Asian Nations
GMS	–	Greater Mekong Subregion
ICT	–	information and communication technology
Lao PDR	–	Lao People's Democratic Republic
M&E	–	monitoring and evaluation
NSW	–	national single window
SPS	–	sanitary and phytosanitary
TA	–	technical assistance

## NOTE

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

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**CAPACITY DEVELOPMENT TECHNICAL ASSISTANCE AT A GLANCE**

1. Basic Data		Project Number: 46256-001	
<b>Project Name</b>	Enhancing Capacity of Sanitary and Phytosanitary Arrangements to Facilitate Trade in the Greater Mekong Subregion	<b>Department /Division</b>	SERD/SEPF
<b>Country Borrower</b>	REG Not applicable	<b>Executing Agency</b>	Asian Development Bank
<b>2. Sector</b>	<b>Subsector(s)</b>	<b>Financing (\$ million)</b>	
✓ Industry and trade	Trade and services		2.00
		<b>Total</b>	<b>2.00</b>
<b>3. Strategic Agenda</b>	<b>Subcomponents</b>	<b>Climate Change Information</b>	
Inclusive economic growth	Pillar 1: Economic opportunities, including jobs, created and expanded	Climate Change impact on the Project	Low
Regional integration	Pillar 2: Trade and investments		
<b>4. Drivers of Change</b>	<b>Components</b>	<b>Gender Equity and Mainstreaming</b>	
Governance and capacity development	Institutional development	No gender elements (NGE)	✓
Knowledge solutions	Knowledge sharing activities		
Partnerships	Bilateral institutions (not client government) Official cofinancing		
<b>5. Poverty Targeting</b>		<b>Location Impact</b>	
Project directly targets poverty	No	Not Applicable	
<b>6. TA Category:</b>	B		
<b>7. Safeguard Categorization</b>	Not Applicable		
<b>8. Financing</b>			
<b>Modality and Sources</b>	<b>Amount (\$ million)</b>		
<b>ADB</b>	<b>0.00</b>		
None	0.00		
<b>Cofinancing</b>	<b>2.00</b>		
Japan Fund for Poverty Reduction	2.00		
<b>Counterpart</b>	<b>0.00</b>		
None	0.00		
<b>Total</b>	<b>2.00</b>		
<b>9. Effective Development Cooperation</b>			
Use of country procurement systems	No		
Use of country public financial management systems	No		

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## I. INTRODUCTION

1. The regional cooperation strategy and program for the Greater Mekong Subregion (GMS)<sup>1</sup> promotes connectivity and competitiveness. While connectivity has improved, weak institutional and operational capacities—including management of sanitary and phytosanitary (SPS) measures—have hindered the optimal use of infrastructure in the GMS, limited potential trade integration and expansion opportunities, and reduced protection from trade-related health hazards.<sup>2</sup> In 2012, the Asian Development Bank (ADB) approved a regional SPS project to address capacity constraints in the handling of SPS measures in Cambodia, the Lao People's Democratic Republic (Lao PDR), and Viet Nam and an attached technical assistance (TA) mainly to support implementation, monitoring, and coordination of the regional project in Cambodia, the Lao PDR, and Viet Nam.<sup>3</sup>

2. The proposed TA, included in the regional cooperation operations business plan, 2012–2014, is in line with the GMS 10-year strategic framework, 2012–2022 and supports the expansion of trade and improved trade-related health.<sup>4</sup> The TA supports the Midterm Review of Strategy 2020 and the strategic priority on regional cooperation and integration.<sup>5</sup> The TA concept paper was approved on 2 July 2013. To confirm that demand for the TA remained high and to finalize the scope, content, and implementation arrangements, ADB conducted fact-finding missions in August–September 2013. The mission found strong support and ownership for the TA, and concluded that the activities need to be prioritized, taking into account advice from the GMS countries. The design and monitoring framework is in Appendix 1.<sup>6</sup>

## II. ISSUES

3. Reducing transaction costs in cross-border trade requires close cooperation among all the agencies that have regulatory responsibilities for processing and clearing goods. While customs agencies take key responsibility for the clearance of goods, SPS, commerce, police, transport, and other agencies also play major roles. In cross-border trade, customs and SPS agencies are particularly important as they are most responsible for revenue collection and the protection of society from harmful imports. Data show that customs agencies are often only responsible for a third of border delays; the administration of other requirements, including SPS requirements, accounts for the rest.<sup>7</sup> This suggests that border modernization needs to extend beyond customs reforms. In the GMS, SPS agencies are way behind their customs counterparts, particularly in the application of automation and the use of modern risk-based approaches to

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<sup>1</sup> ADB. 2004. *The Greater Mekong Subregion: Beyond Borders: Regional Cooperation Strategy Program (2004–2008)*. Manila.

<sup>2</sup> The SPS agencies refer to agencies and/or departments with mandates to conduct surveillance and risk analyses, and inspect imports and exports of animal and animal products, plant and plant products, food production and processed food, and forestry and forest products.

<sup>3</sup> ADB. 2012. *Report and Recommendation of the President to the Board of Directors: Proposed Loans, Grant, and Technical Assistance Grant to the Kingdom of Cambodia and the Lao People's Democratic Republic for Trade Facilitation: Improved Sanitary and Phytosanitary Handling in Greater Mekong Subregion Trade Project*. Manila; ADB. 2012. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Socialist Republic of Viet Nam for Trade Facilitation: Improved Sanitary and Phytosanitary Handling in Greater Mekong Subregion Trade Project*. Manila.

<sup>4</sup> ADB. 2011. *Regional Cooperation Operations Business Plan: Greater Mekong Subregion, 2012–2014*. Manila; ADB. 2011. *The Greater Mekong Subregion Economic Cooperation Program Strategic Framework, 2012–2022*. Manila.

<sup>5</sup> ADB. 2014. *Midterm Review of Strategy 2020: Meeting the Challenges of a Transforming Asia and Pacific*. Manila.

<sup>6</sup> The TA first appeared in the business opportunities section of ADB's website on 4 March 2014.

<sup>7</sup> World Bank. 2012. *Connecting to Compete, Logistics Performance Indicators*. Washington, DC.

regulatory compliance. Such constraints make establishing effective collaboration between SPS agencies and customs agencies very challenging.

4. Countries must establish and maintain rigorous surveillance and inspection programs and procedures to meet SPS requirements. In the GMS, information, rules, and processes governing SPS procedures are not systematic, and the capacity to undertake risk-based surveillance programs, testing, diagnosis, and inspection is limited. This is particularly evident in the smaller GMS members and is the main rationale behind ADB's SPS regional project (footnote 3). In addition to these country-level initiatives, a GMS action plan for SPS arrangements, 2010–2015 identified several SPS issues that have important regional implications and require regional solutions.

5. **Harmonized SPS procedures and information sharing.** First, the regional analysis of quarantine pest lists and their harmonization is a major contributor to building effective regional cooperation and mutual confidence. Cambodia, the Lao PDR, and Viet Nam have started to improve their quarantine pest lists. Since most pests in the GMS are similar and easily cross borders, countries could benefit from information sharing and agreement on the quarantine pest lists with their neighbors. The TA will prioritize pests affecting the main products traded in the region. Second, the GMS has a considerable amount of forest and timber imports and exports, but little attention has been given to this area. As a result, scant research and information is available about forest and timber pests. To ensure sustainable development, a common understanding of timber and forest pests is necessary. Third, some GMS countries have no clear policies and limited capacity to manage market access pre-approvals for new processed products. Kick-starting the analysis of issues and supporting regional discussions will lay the foundation for the GMS countries to move towards regional cooperation.

6. **Harmonized commodity description and coding system.** Customs agencies maintain the master reference files for the harmonized commodity description and coding system for imports and exports. Ideally, SPS agencies should use the same coding system to define products that are subject to SPS requirements as that would allow the agencies to communicate and identify goods. However, this is not the case in many GMS countries. In Cambodia, the Lao PDR, and Viet Nam, information sharing between SPS and customs agencies is still paper-based, and basic issues such as sharing product information, coding systems, risk categorization, and risk profiles are lacking. These gaps will ultimately create difficulties in developing and operating electronic national single windows for trade facilitation, which the countries have committed to establishing as part of the Association of Southeast Asian Nations (ASEAN) integration agenda. Intraregional trade of agriculture, food, and forestry products is rising in the GMS, reaching more than \$20.3 billion in 2011. As all of these imports and exports are subject to SPS requirements, seamless collaboration among GMS countries nationally and regionally has become increasingly important.

7. **Challenges in risk management, and cooperation between customs and SPS agencies.** While the case for interagency cooperation is clear, some practical challenges need to be overcome. Solving them requires detailed analysis of issues such as (i) the rules and procedures governing the risk categorization of products subject to SPS requirements; (ii) the current status of risk categorization, and how that relates to the commodity description and coding system and is managed by customs; (iii) the capacity to apply risk management techniques; and (iv) actions for improvement and regional harmonization. Some progress has been made but many difficulties remain. For example, the Government of Cambodia issued a sub-decree to apply risk management across all border management agencies in 2006; subsequently, some service-level agreements were signed between customs and other border



management agencies. While this was a positive first step, this initiative could not be fully implemented because of the absence of risk management skills in non-customs agencies. There is strong demand from the countries—Cambodia and the Lao PDR in particular—to help non-customs agencies develop the risk management skills and tools necessary to facilitate trade, while protecting their communities from potentially harmful imports.

8. The TA will build on ADB's regional SPS project for Cambodia, the Lao PDR, and Viet Nam, and extend more analysis and consultations to the wider GMS by focusing on issues with regional implications. It will facilitate regional cooperation and build consensus on priorities. The TA will examine cooperation between customs and SPS agencies in the GMS to strengthen the links between them, particularly in the areas of risk profiling and information sharing through a coherent approach to risk management. The analysis will lay the essential steps that contribute towards the automation of SPS agencies and the establishment of national single windows to facilitate trade. It supports the Asian Cargo Highway to create a seamless flow of goods in Asia. The TA will help participating SPS and customs agencies improve their knowledge management. The TA supports the GMS and the ASEAN agenda, and will coordinate closely with the main development partners.<sup>8</sup>

### **III. THE PROPOSED TECHNICAL ASSISTANCE**

#### **A. Impact and Outcome**

9. The impact will be larger quantities of agriculture, food, and forestry products traded in the GMS. The outcome will be more rigorous SPS management systems established in the GMS to cooperate with customs administrations in facilitating trade.

#### **B. Methodology and Key Activities**

10. The outcome will be achieved through the delivery of three outputs: (i) an analysis of SPS issues and cooperation between customs and SPS agencies (output 1), (ii) capacity development and regional cooperation mechanisms (output 2), and (iii) the monitoring and evaluation (M&E) framework (output 3). Producing TA outputs will be resource-intensive, as regional proposals require country-based consultations.

11. To achieve output 1, the TA will analyze (i) information sharing and risk management for customs and SPS agencies; and (ii) three SPS regional issues: pest quarantine lists, forest and timber pests, and first-time market access for imports of new food products. These analyses will center on the operational aspects of the SPS and customs agencies in undertaking their regulatory tasks, and will identify solutions.

12. In line with the review of the status of SPS risk-based border management regimes and plans for information sharing between customs and SPS agencies, the TA will (i) identify capacity gaps in border release processes in the GMS, focusing on Cambodia, the Lao PDR, and Viet Nam; and (ii) propose ways to enhance and/or harmonize adoption. The TA will conduct surveys on the SPS release processes in the three GMS countries to produce baseline data and information about SPS procedures and costs in trade.<sup>9</sup> Practical solutions are needed

<sup>8</sup> Such as the United Nations technical agencies, the World Bank, and bilateral agencies, which have supported various aspects of SPS capacity development and trade facilitation in the GMS.

<sup>9</sup> The Standards and Trade Development Facility, under the World Trade Organization, has developed a methodology and started a pilot on selected elements of transaction cost surveys attributed by SPS measures for

for a number of issues, especially (i) information sharing about SPS risk categorization, (ii) information sharing about products subject to SPS risks under the harmonized commodity description and coding system, (iii) advance information sharing to enable timely SPS risk management decisions, (iv) principles for automation of SPS agencies with links to customs automation, and (v) the identification of good practices and the development of solutions. The TA will involve the private sector through consultations and surveys.

13. Pest lists in the GMS countries will be compared and analyzed. The TA experts' team, together with specialists in the GMS countries, will review pest list development and identify commonalities in pest lists and incidence. Possible harmonization of pest list will be presented at the technical meetings. For forest pests and pest lists in the GMS, the TA will (i) collect data through passive surveillance from traders and public sector specialists; (ii) gather information on the trade of forest products and timber, and the impact of SPS measures; and (iii) discuss issues concerning forest and timber pest control. The TA will review good practices in handling market access requests for pre-approvals of processed food products. Input from the GMS countries with established capacities in risk analysis will be invited in order to identify information-sharing possibilities in risk assessments and management decisions.

14. Relevant international standards or recommendations (World Trade Organization, World Customs Organization, International Plant Protection Convention, World Animal Health Organization, Codex Alimentarius, and ASEAN) will be followed to guide capacity development in SPS and customs agencies, and to promote regional cooperation and harmonization.

15. To achieve output 2, the TA will (i) conduct regional experts' meetings to discuss information-sharing mechanisms between customs and SPS agencies; identify gaps that require investment, including information and communication technology; and share experiences and lessons learned; (ii) conduct regional meetings to discuss harmonization and cooperation mechanisms among SPS agencies; (iii) conduct technical meetings and make training proposals on the exchange of staff among technical agencies; and (iv) provide in-country technical advice and training by the TA experts' team. The TA will draw inputs from the country-based SPS projects for Cambodia, the Lao PDR, and Viet Nam, and strengthen them by bringing in analysis, expertise, and knowledge from the other GMS countries. The TA will also bring in additional expertise on customs modernization and SPS management from outside the GMS, including from Japan. Coordination of national and regional cooperation is important.

16. To achieve output 3, the TA will design an M&E framework that monitors and evaluates TA activities, outputs, outcome, and impact, and prepares periodical M&E reports.

### **C. Cost and Financing**

17. The TA is estimated to cost \$2,150,000 of which \$2,000,000 will be financed on a grant basis by the Japan Fund for Poverty Reduction and administered by ADB. The GMS governments will provide counterpart support in the form of staff to work with the TA experts' team, participate and make contributions in technical meetings and regional meetings, and provide office space during the field visits by the TA consultant team.

## D. Implementation Arrangements

18. The TA will be implemented from October 2014 to August 2017. ADB, through its Southeast Asia Department, will be the executing agency for the TA and will work closely with the core agencies in the GMS countries, coordinated by the Ministry of Agriculture, Forestry and Fisheries in Cambodia and the Ministry of Agriculture and Forestry in the Lao PDR, and the Vietnam Food Administration in Viet Nam, with participation of other SPS agencies and expanded to the customs agencies. These agencies are the respective executing agencies for the SPS regional project for Cambodia, the Lao PDR, and Viet Nam. Since little work has been done in Myanmar and its participation would require a disproportionately large part of the limited TA resources to capture basic pictures and background analysis, the TA activities will focus on Cambodia, the Lao PDR, and Viet Nam. The TA will be coordinated by the National Bureau of Agriculture Commodity and Food Standards in Thailand and by the Ministry of Commerce in the People's Republic of China at the country level. Implementation will be carried out by the SPS agencies<sup>10</sup> and the customs agencies. TA implementation will be closely coordinated with the GMS national coordinators' offices. Close coordination will also be maintained with the GMS working group on agriculture and the work related to GMS trade facilitation. All disbursements under the TA will be in accordance with ADB's *Technical Assistance Disbursement Handbook* (2010, as amended from time to time).

19. The TA requires 46 person-months of international and 40 person-months of national consulting services with expertise in SPS and customs risk-based border management and clearance, information and communication technology, SPS plant pests, forest pests, and market access. A consulting firm, recruited using the quality- and cost-based selection method (80:20), will be engaged. ADB will engage the consultants in accordance with its Guidelines on the Use of Consultants (2013, as amended from time to time). TA implementation will be logistically demanding, requiring the consultants' team to plan and consult the GMS countries and ADB.

20. The consultants will submit to ADB and the GMS countries (i) an inception report, (ii) interim progress reports at appropriate stages, (iii) a draft summary final report, and (iv) a revised final report. The consultants will also submit consolidated and individual technical reports required by the outline terms of reference.

21. ADB review missions will regularly monitor and report on major TA activities. Consultants' reports will be presented in regional meetings and/or workshops. Reports will be made available on ADB website and published whenever warranted for the meetings of stakeholders. The TA will also include selective dissemination activities to share lessons and experience among GMS countries, as well as other developing member countries, such as those in the Central Asia Regional Economic Cooperation program.

## IV. THE PRESIDENT'S RECOMMENDATION

22. The President recommends that the Board approve ADB administering technical assistance not exceeding the equivalent of \$2,000,000 to be financed on a grant basis by the Japan Fund for Poverty Reduction for Enhancing Capacity of Sanitary and Phytosanitary Arrangements to Facilitate Trade in the Greater Mekong Subregion.

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<sup>10</sup> Including the General Administration of Quality Supervision, Inspection and Quarantine, and the Ministry of Agriculture in PRC.

## DESIGN AND MONITORING FRAMEWORK

<b>Design Summary</b>	<b>Performance Targets and Indicators with Baselines</b>	<b>Data Sources and Reporting Mechanisms</b>	<b>Assumptions and Risks</b>
<p><b>Impact</b> Larger quantities of agriculture, food, and forestry (AFF) products traded in the Greater Mekong Subregion (GMS)</p>	<p>By 2020: Intraregional trade in AFF products in GMS increases annually by 15% (2011 baseline: \$20.3 billion)</p>	<p>International and national trade statistics, World Integrated Trade Solution, United Nations Commodities Trade Statistics Database</p>	<p><b>Assumption</b> Participating countries and agencies continue to be committed to trade facilitation for AFF products</p> <p><b>Risk</b> Exogenous shocks and major health hazards e.g., Severe acute respiratory syndrome (SARS), avian or swine flu) emerge, resulting in reallocation of resources from trade facilitation</p>
<p><b>Outcome</b> More rigorous sanitary and phytosanitary (SPS) management systems established to cooperate with customs agencies in facilitating trade</p>	<p>By 2017: Modalities on systematic information sharing between customs and SPS agencies agreed upon (no regional systematic information sharing in 2013)</p> <p>Regional pest lists initiated for priority-traded products (no harmonization in 2013)</p> <p>Regional first-time market access mechanisms for food products initiated (no harmonized market access mechanisms in place in 2013)</p> <p>Common understanding of forest and timber pests in the GMS reached (lack of information and common understanding in 2013)</p>	<p>Consultations with stakeholders and development partners active in trade facilitation</p> <p>National databases: customs and SPS agencies (ministries of agriculture, health, or other SPS lead agencies)</p> <p>Results of SPS transaction costs survey and studies</p> <p>Technical assistance (TA) completion report</p>	<p><b>Assumption</b> Trading partners' continuing demand for GMS AFF products</p> <p><b>Risk</b> Coordination between customs agencies and SPS agencies remains weak</p>
<p><b>Outputs</b> 1. Analysis of SPS issues and cooperation between customs and SPS agencies conducted in the GMS</p>	<p>By 2017: Reports on harmonization of risk profiles for plant, animal, and food products prepared</p>	<p>TA monitoring and evaluation (M&amp;E) reports</p> <p>Reports from customs and SPS agencies</p>	<p><b>Assumptions</b> Full participation of the GMS countries' technical agencies during implementation</p>

<b>Design Summary</b>	<b>Performance Targets and Indicators with Baselines</b>	<b>Data Sources and Reporting Mechanisms</b>	<b>Assumptions and Risks</b>
	<p>Reports on modalities of information sharing between customs and SPS agencies prepared</p> <p>Baseline data and survey (Cambodia, the Lao People's Democratic Republic, and Viet Nam) on transaction cost for trade attributed by SPS measures and procedures collected</p> <p>Three regional SPS studies, i.e., pest lists, forest and timber pests, and first-time market access for processed food products conducted</p>	<p>Survey results</p> <p>Proceedings of technical meetings</p> <p>Feedback from technical agencies</p> <p>TA review missions</p>	<p>Competent consultants engaged for TA implementation</p> <p><b>Risk</b> Lack of willingness to adopt the proposed recommendations and measures</p>
2. Capacity development and regional cooperation mechanisms	<p>Regional meetings held to discuss customs and SPS cooperation (2 meetings, with 30 participants each)</p> <p>Regional meetings held to discuss findings and option for GMS SPS studies (6 meetings with 12 participants each)</p> <p>Meetings and/or workshops and training proposals on staff exchange among technical agencies (12 events with 10 participants each)</p> <p>In-country technical advice and training (50 people trained)</p>	<p>TA M&amp;E reports</p> <p>Survey and feedback from technical agencies</p> <p>Feedback from development partners</p> <p>TA review missions</p>	
3. Monitoring and evaluation framework	<p>M&amp;E indicators identified and agreed upon</p> <p>Regional meetings and/or workshops planned and held (8)</p>	<p>TA M&amp;E reports</p> <p>Consultants reports</p> <p>Survey results</p> <p>Feedback from</p>	

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
	SPS training and technical meetings at national, bilateral, or regional level (12 events, 50 people trained)	participating countries and agencies  Feedback from workshop and/or training participants	
<p><b>Activities with Milestones</b></p> <p><b>1. Analysis of SPS issues and cooperation between customs and SPS agencies conducted in GMS (2014–2016)</b></p> <p>1.1 Undertake diagnostic analysis on cooperation between customs and SPS agencies, covering</p> <ul style="list-style-type: none"> <li>(i) harmonization of SPS risk profiles in border management—country studies and regional analysis;</li> <li>(ii) mechanisms on information sharing—country studies and regional analysis;</li> <li>(iii) identification of transaction cost attributed by SPS measures and procedures;</li> <li>(iv) identification of good practice information technology systems for competent authorities for plant health, animal health, and food safety that (a) improve performance of relevant SPS agencies, (b) improve communication between SPS agencies and customs agencies, and (c) reduce transaction costs for traders; and</li> <li>(v) identification of bottlenecks in cooperation between SPS and customs administration—country-based consultation with private sector stakeholders.</li> </ul> <p>1.2 Undertake SPS regional analysis on</p> <ul style="list-style-type: none"> <li>(i) comparative analysis of quarantine pest lists,</li> <li>(ii) forest and timber pests, and</li> <li>(iii) first-time market access for processed food.</li> </ul> <p><b>2. Capacity development and regional mechanisms (2015–2017).</b></p> <p>2.1 Conduct regional meetings and/or workshops to discuss customs and SPS cooperation.</p> <p>2.2 Conduct regional meetings and/or workshop to discuss SPS issues.</p> <p>2.3 Conduct meetings and/or workshops and training proposals on staff exchange among technical agencies.</p> <p>2.4 Provide in-country technical advice and training.</p> <p>2.5 Disseminate activities to share experiences across regional cooperation programs.</p> <p><b>3. Monitoring and evaluation framework</b></p> <p>3.1 Provide TA implementation support.</p> <p>3.2 Identify M&amp;E indicators (2014).</p> <p>3.3 Prepare periodical M&amp;E reports.</p> <p>3.4 Organize and support meetings, and training for SPS and SPS and/or customs agencies meetings (as and when needs arise and assessment is prepared).</p>			<p><b>Inputs</b></p> <p>JFPR: \$2 million</p> <p>The GMS governments will provide counterpart support in the form of staff to work with the TA experts' team, participate and make contributions in technical meetings and regional meetings, and provide office space during the field visits by the TA consultant team.</p>

Source: Asian Development Bank.

**COST ESTIMATES AND FINANCING PLAN**  
(\$'000)

<b>Item</b>	<b>Amount</b>
<b>Japan Fund for Poverty Reduction<sup>a</sup></b>	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	1,000.0
ii. National consultants	200.0
b. International and local travel	190.0
c. Reports and communications	10.0
2. Training, workshops, seminars, and conferences	
a. Meetings and/or workshops	310.0
b. Training program	90.0
3. Surveys	60.0
4. Miscellaneous administration and support costs, including translation	40.0
5. Contingencies	100.0
<b>Total</b>	<b>2,000.0</b>

Note: The technical assistance (TA) is estimated to cost \$2,150,000, of which contributions from the Japan Fund for Poverty Reduction are presented in the table above. The Greater Mekong Subregion (GMS) governments will provide counterpart support in the form of staff to work with the TA experts' team, participate and make contributions in technical meetings and regional meetings, and provide office space during the field visits by the TA consultant team. The value of GMS governments contribution is estimated to account for about 7% of the total TA cost.

<sup>a</sup> Administered by the Asian Development Bank.

Source: Asian Development Bank estimates.

## OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

1. The technical assistance (TA) will require about 46 person-months of international and 40 person-months of national consultant inputs. One international consulting firm, using the quality- and cost-based selection method, will be engaged to provide consulting services. The team of consultants will closely coordinate with the Asian Development Bank (ADB) regional sanitary and phytosanitary (SPS) project in Cambodia, the Lao People's Democratic Republic (Lao PDR), and Viet Nam.<sup>1</sup>

### A. International Consultants (46 person-months)

#### 1. Team Leader and Sanitary and Phytosanitary Risk-Based Border Handling Specialist (16 person-months)

2. As the team leader, the consultant will oversee all TA activities. As the SPS specialist, the consultant will lead the work on SPS risk categorization and risk management.

3. As the team leader, the consultant will

- (i) plan detailed TA activities, i.e., team mobilization; planning of field work; guiding team's communication and consultation with participating SPS and customs agencies in the Greater Mekong Subregion (GMS); reports; meetings, workshops, and training;
- (ii) act as the focal point to liaise with international technical agencies and development partners active in the field;
- (iii) prepare TA inception, progress, and final reports, which have incorporated comments from all stakeholders;
- (iv) prepare and submit the team's consolidated report on cooperation between customs and SPS agencies (covering information sharing, risk management, automation, and reduction of transaction cost, which will require intensive cooperation and interaction between the consultants);
- (v) guide and consolidate the individual SPS technical reports prepared by the other consultants;
- (vi) prepare the TA monitoring and evaluation (M&E) framework;
- (vii) plan and organize meetings; and
- (viii) plan and organize in-country and technical advice and training.

4. As the principal technical expert in SPS risk categorization and risk management, the consultant will

- (i) conduct field work in all participating GMS countries to review the status of risk-based SPS border management regimes for plant, animal (including fisheries), and processed food products;
- (ii) identify capacity gaps and obstacles in the application of SPS risk categorization and management in border release processes in the GMS, focusing on Cambodia, the Lao PDR, and Viet Nam;

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<sup>1</sup> ADB. 2012. *Report and Recommendation of the President to the Board of Directors: Proposed Loans, Grant, and Technical Assistance Grant to the Kingdom of Cambodia and the Lao People's Democratic Republic for Trade Facilitation: Improved Sanitary and Phytosanitary Handling in Greater Mekong Subregion Trade Project*. Manila; ADB. 2012. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Socialist Republic of Viet Nam for Trade Facilitation: Improved Sanitary and Phytosanitary Handling in Greater Mekong Subregion Trade Project*. Manila.



- (iii) propose ways to enhance and harmonize the application of risk categorization and management, and identify gaps that require investment;
- (iv) prepare proposals for surveys, data collection, and analysis with respect to transaction costs caused by SPS release processes in Cambodia, the Lao PDR, and Viet Nam; and
- (v) provide in-country technical advice and training.

5. **Qualifications.** The consultant has proven management skills as a team leader and technical knowledge about SPS management systems and SPS border release processes. The candidate preferably has a master's degree in a related field with extensive demonstrated experience in developed and developing countries.

## 2. Customs Border Clearance Specialist (10 person-months)

6. The consultant, in close cooperation with the team leader and the information and communication technology (ICT) expert, will review and develop effective information-sharing mechanisms between SPS and customs agencies, focusing on Cambodia, the Lao PDR, and Viet Nam. The consultant will

- (i) consult with specialists in SPS and customs agencies in GMS to take stock on information-sharing practices and plans—the main issues for which practical solutions are needed include: information sharing about SPS risk categorization; information sharing about products information subject to SPS requirements to determine applicable coding (based on the harmonized commodity description and coding system used by customs); advance information sharing to enhance timely SPS risk management decisions; principles for automation of SPS agencies with links to customs automation; and reduction of transaction costs, where possible;
- (ii) review plans for information sharing between customs authorities and SPS agencies in the development of national single windows (NSWs) and the single window for the Association of Southeast Asian Nations (ASEAN), especially in Cambodia, the Lao PDR, and Viet Nam;
- (iii) conduct consultative meetings in each country with private sector stakeholders (agro-food businesses, freight forwarders, traders, transporters) to collect information on transaction costs;
- (iv) participate in surveys and collect data to estimate transaction costs;
- (v) identify country-specific bottlenecks for information sharing and cooperation between SPS and customs authorities in Cambodia, the Lao PDR, and Viet Nam;
- (vi) identify good practice and develop solutions for improved information-sharing between SPS and customs agencies and present options for reduction of transaction cost in Cambodia, the Lao PDR, and Viet Nam;
- (vii) identify gaps in capacity and resources to adopt improved systems for information sharing;
- (viii) guide follow-up data collection by national consultants;
- (ix) coordinate with the team leader in organizing technical meetings; and
- (x) coordinate with the team leader in providing in-country advice and training.

7. **Qualifications.** The consultant has broad experience in customs border release processes, especially with regard to risk management, application of ICT, NSW, and data sharing with SPS agencies. The candidate preferably has a master's degree in a related field with extensive demonstrated experience in developed and developing countries.

### 3. Information and Communication Technology Expert (5 person-months)

8. The consultant, in close cooperation with the team leader and the customs border clearance specialist, will

- (i) take stock of recommendations for ICT systems in NSWs and ASEAN single window;
- (ii) take stock of existing initiatives in the GMS to enhance ICT in SPS management in plant health, animal health, and food safety (including those under the GMS core agriculture program);
- (iii) identify international good practice of ICT systems for SPS management in plant health, animal health, and food safety;
- (iv) assess capacity gaps of ICT systems to facilitate SPS risk categorization, risk management, information sharing between SPS and customs agencies, reduction of transaction cost of SPS measures, and participation of SPS agencies in NSW development;
- (v) outline proposals for further development of ICT systems that will facilitate border release processes and reduce transaction cost; and
- (vi) coordinate with the team leader in providing in-country advice and training.

9. **Qualifications.** The consultant has broad experience with the design and application of ICT systems used in the automation of SPS agencies and in customs agencies, including IT systems used in NSWs. The candidate preferably has a master's degree in a related field with extensive demonstrated experience in developed and developing countries.

### 4. Forest and Timber Pest Specialist (4 person-months)

10. Under the guidance and in consultation with the team leader, the consultant will

- (i) conduct field visits to discuss issues concerning forest and timber pest control in GMS countries;
- (ii) invite input from GMS countries with established capacities in forest and timber pest surveillance, identification, and pest risk analysis;
- (iii) closely cooperate with the forest and timber pest consultants in the SPS projects in Cambodia and the Lao PDR;
- (iv) review information on forest pests and forest pest lists in the GMS;
- (v) collect information from traders and public sector specialists about the impact of SPS measures on trade of forest products;
- (vi) draft proposals for data collection through passive surveillance with detailed templates for work by national consultants;
- (vii) prepare a technical paper on the findings and proposals for further work;
- (viii) in coordination with the team leader, propose expert meetings to discuss the technical paper;
- (ix) guide follow-up data collection in GMS countries by national consultants; and
- (x) contribute to in-country and regional training.

11. **Qualifications.** The consultant has knowledge about forest and timber pests and plant quarantine measures applied to prevent their spread with trade of forest and timber products. The candidate preferably has a master's degree in a related field with extensive demonstrated experience in developed and developing countries.

## 5. Plant Quarantine Specialist (5 person-months)

12. The consultant, under the guidance of and in consultation with the team leader, will conduct a comparative analysis of pest lists in the GMS countries. The consultant will
- (i) take stock of activities by development partners, especially the Food and Agriculture Organization;
  - (ii) visit the GMS countries to discuss with specialists in SPS agencies and national plant protection organizations their work on pest list development;
  - (iii) invite input from the GMS countries with established capacities in crop pest surveillance, identification, and pest risk analysis;
  - (iv) draft detailed templates for information to be collected by national consultants;
  - (v) review pest lists in the GMS countries;
  - (vi) review literature on pest incidence in the GMS;
  - (vii) identify commonalities in pest lists and possible pest incidence;
  - (viii) coordinate with the team leader in preparing technical meetings in the region to discuss possible harmonization of pest quarantine and non-quarantine lists; and
  - (ix) closely cooperate with the teams and specialists in Cambodia, the Lao PDR, and Viet Nam on risk categorization.

13. **Qualifications.** The candidate preferably has 10 years of broad experience in plant pest surveillance, diagnostics, plant quarantine, and pest list development, preferably experience in the GMS, and has a master's degree in a related field with extensive demonstrated experience in developed and developing countries.

## 6. Food Safety Specialist (6 person-months)

14. The consultant, under the guidance of and in consultation with the team leader, will
- (i) take stock of the work on first-time market access approvals (pre-approvals) for new processed food products;
  - (ii) visit GMS countries to discuss their practices and capacities, particularly the People's Republic of China and Thailand, in handling requests for market access approvals for processed food products (this is especially an issue for new novel food, food with new additives, food for infants and the elderly, and medical food);
  - (iii) invite active input from the GMS countries with established capacities in risk analysis for processed food products;
  - (iv) identify international good practice and possibilities for sharing information about risk assessments and risk management decisions for pre-approvals among other GMS countries;
  - (v) draft proposals for data collection with detailed templates for work by national consultants;
  - (vi) prepare a technical paper on the findings with proposals for further work;
  - (vii) coordinate with the team leader in preparing technical meetings; and
  - (viii) closely cooperate with the teams and specialists in Cambodia, the Lao PDR, and Viet Nam on risk categorization.

15. **Qualifications.** The consultant preferably has 10 years of experience in food safety, food risk management, and food product registration and experiences in the GMS.

**B. National and/or Regional Consultants (40 person-months)**

16. The TA will require 30 person-months of national consult inputs for SPS and customs technical work and 10 person-months for project M&E and TA implementation support, including preparation of an M&E framework and providing logistics support to the consultant team. The firm will determine the number, structure, and duration of national consultants under the overall provision of the national consultants' time inputs. All national consultants will work under the guidance of the team leader.

**1. National Technical Specialists**

17. The specialists will
- (i) collect information on harmonized commodity description and coding system lists used and risk categorization of imports of plant, animal, and processed food products;
  - (ii) collect information on methods applied for risk categorization;
  - (iii) collect information on methods applied to assess risks of imported plant, animal, and processed food products;
  - (iv) collect relevant border inspection manuals;
  - (v) collect information on plans for further development of risk-based management;
  - (vi) collect data on pest incidence and pest lists, animal diseases, and food product registrations, forest and timber pest in the country, and SPS transaction costs, following templates developed by the international consultants team;
  - (vii) collect information about cooperation between customs and SPS agencies on imports of plant, animal, and processed food products and bottlenecks in cooperation;
  - (viii) assist the international team in preparing consultative meetings in each country with stakeholders (freight forwarders, traders, transporters) to (a) collect stylized information about transaction costs for selected SPS measures and procedures, (b) identify the main bottlenecks in SPS release procedures and coordination between SPS agencies and customs, and (c) recommend improvements from a private sector perspective;
  - (ix) assist in the organization of consultative workshops and meetings; and
  - (x) collect information on other areas requested by the international consultants' team.

**2. Monitoring and Evaluation and Project Implementation Specialist**

18. The specialist will
- (i) assist in the establishment of the system for the TA M&E system,
  - (ii) collect information for M&E,
  - (iii) draft M&E reports,
  - (iv) support overall TA implementation,
  - (v) support organizing meetings, and
  - (vi) support all other tasks under the TA.