# Better Enforcement of Standards for Safer Trade = BESST

## INTRODUCTION

Trade in livestock and livestock products can bring great benefits but also substantial risks to animal and human health. The Horn of Africa (HoA) region is rich in livestock, and livestock exports are one of its economic success stories. Annual exports from the HoA and neighboring countries are estimated at close to US$ 1 billion. The destination market is mainly the Arabian Peninsula (AP) and is heavily concentrated during the Ramadan and the annual Hajj season. The trade also contributes to a large import business as many export traders either sell foreign exchange to importers or themselves import food, clothes and other products through Somali and other ports. Expanding and safeguarding this trade is, hence, a development imperative.

In December 2019, member states of the African Union, regional economic communities, experts, implementing and development partners and commodity producer associations, representatives of research and training institutions and relevant industries came together in Accra-Ghana to accelerate animal trade within Africa and globally. They identified transboundary animal (TADs) diseases and adhering to sanitary and phytosanitary (SPS) and animal welfare standards as critical for vibrant trade and called for initiatives to safeguard and promote this trade.

This feasibility study, commissioned by the World Organization for Animal Health (OIE), answers that call and also aligns with important initiatives including the African Continental Free Trade Area, Comprehensive African Agricultural Development Program, the Malabo Declaration on Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved Livelihoods, and the Livestock Development Strategy for **Africa and the Middle East.**

At its core is a proposal to transform approaches to trade, harnessing advances in communication and big data, novel technologies for disease reporting and management, public-private partnerships, and multi-stakeholder approaches to build trust in trade between countries the HoA and the AP. The evidence-based feasibility study has been developed with and validated by a wide range of stakeholders through a series of meetings, missions, field visits and workshops.

It is located within the framework of the Agreement on the Application of SPS Measures (the SPS Agreement) entered into force with the establishment of the World Trade Organization (WTO) on January 1, 1995. The SPS Agreement restricts members from the use of unjustified SPS measures but allows legitimate measures to reduce risk from importation. The World Organisation for Animal Health (OIE), which is the one from the three sisters' organisations, OIE, Codex Alimentarius and IPPC, mandated by WTO to set standards on animal health, sets out legitimate SPS measures (OIE Standards) for trade in animal and animal products developed, updated and adopted by the Assembly of member countries delegates (182 countries in 2019) annually.

It is believed that the BESST (Better Enforcement of Standards for Safer Trade) initiative, based on innovation, evidence and participation, can contribute to the safe and sustainable transformation of trade in livestock and livestock products between the Middle East and the East African countries.

# EXECUTIVE SUMMARY

## Background

Countries in the Horn of Africa (HoA) have longstanding and important livestock and livestock product trading relationships with countries in the Arabian Peninsula (AP). While these relationships offer enormous opportunities to both regions, they are constrained by livestock disease threats, the variable regulatory capacities and performance of the Veterinary Public Health Services as well as consumer concerns about the safety and quality of imported livestock and livestock products.

The proposed Better Enforcement of Standards for Safer Trade (BESST) initiative aims to strengthen the capacity of the **Veterinary Services** in OIE member countries of the HoA and AP by enhancing and **investing in public-private partnerships that improve compliance with the World Organisation for Animal Health (OIE) international standards and facilitate safe trade in livestock and livestock products.** More broadly, BESST will contribute to poverty reduction, improved food and nutrition security, better public health and regional stability.

To take the BESST concept forward, the International Livestock Research Institute (ILRI) was commissioned by the OIE to conduct a feasibility study to set an appropriate design for BESST. The study comprises five workstreams:

• Workstream 1 focuses on the constraints hampering safe trade in livestock and livestock products and the application of OIE international standards

• Workstream 2 identifies priority activities to address the constraints

• Workstream 3 discusses the potential geographic scope for BESST

• Workstream 4 assesses the potential socio-economic impacts of BESST

• Workstream 5 sets out potential partners and stakeholders for BESST

The study was developed with the following principles:

- Best current science based evidence, using multiple streams of evidence where possible.

- Undertaken by a mixed team of veterinary epidemiologists and economists with inputs from other social and environmental scientists.

- Engaged a broad range of stakeholders from both regions.

- The team **shared and received frequent and constructive feedback and collaboration from OIE**.

## 1- Constraints to safe trade and the application of OIE standards

This workstream comprised a literature review, a questionnaire for Veterinary Services; a review of Performance of Veterinary Services (PVS) evaluations reports of concerned importing and exporting countries; several semi-structured interviews with key stakeholders; and information from three expert workshops.

Currently, millions of livestock are raised in the HoA, aggregated by intermediaries, then kept for in quarantine facilities with in-house laboratories and veterinary staff (private accredited veterinarians operate the facilities; government veterinarians authorize activities and certify expeditions). Animals are clinically checked, tested and vaccinated when needed, and receive relevant health certificates.

The animals are then shipped to quarantine sites in the importing countries. The much smaller but rapidly expanding trade in meat comes from AP-approved 'export abattoirs' in HoA countries with their own veterinary inspections. Meat is also inspected on arrival in importing countries. In addition to this formal trade, there is a huge informal trade within the HoA and to a lesser extent between the AP and the HoA countries.

Overall, this livestock and livestock products trade is a success story. However, it has also been severely affected by disease-driven trade bans and concerns of buyers and consumers in AP countries about the ability of HoA countries to export safe products. 35 priority constraints are identified in this feasibility study, grouped in four clusters, the most pressing being:

1) Weak health system performance and OIE standards compliance in HoA countries,

2) Inadequate governance, trust and poor communications between the two regions,

3) Knowledge/capacity and disease/trade information deficits, and

4) Sector weaknesses – disease prevalence, poor animal welfare and inadequate infrastructure.

These 4 clusters capture many constraints that are well-suited to a BESST initiative with a focus on public-private partnerships, capacity development, compliance and trust-building. However, many sector weaknesses and governance gaps (e.g. widespread illegal trade and lack of rigorous systems) are deep-rooted and require larger-scale interventions over longer periods that a BESST initiative could contribute to, and advocate, for as part of much wider investments and development programs.

An Abu Dhabi consultation with AP country representatives, during the 15$^{th}$ OIE regional commission conference, largely confirmed this assessment, highlighting three key issues: 1) a significant lack of trust among the various actors and regions, exacerbated and contributed by an inadequate communication as well as absence of a shared vision to give these issues a high priority, 2) perceived weaknesses in HoA animal health systems, with gaps in technical and diagnostic capabilities, inadequate disease surveillance, absence of traceability systems, insufficient notification and information sharing and understaffed key veterinary officers, and 3) these previously mentioned issues contribute to a growth in informal and high-risk trade.

From these specific constraints, the dominating incompliance with OIE standards are: 1) Gaps in the disease surveillance system 2) lack of traceability, 3) difficulties in implementing equivalence and

regionalization, 4) mistrust of quarantine duration, performance and transparency, and 5) lack of information sharing and participation of stakeholders.

## 2- Priority interventions

This workstream reviewed past and current projects and held key informant interviews and focus group discussions to identify workable solutions to address the prioritized constraints. Expert opinion of a small team of experts helped classify interventions as 'essential' or 'desirable' for the BESST initiative, or better left for other projects.

Past projects mainly focused on capacity development for animal health personnel, harmonisation of OIE procedures, and market infrastructure development and coordination. Some successes have been documented, including significant private sector investments in the establishment of quarantine facilities slaughterhouses.

Interventions are grouped into four clusters around: 1) trust, communication and governance, 2) knowledge and information, 3) veterinary system performance, and 4) sector weaknesses.

Interventions were characterized and prioritised by cost of implementation, likelihood of success, urgency of the problem they address, impact on trade in the short and long term, potential domestic spillover (livestock productivity, public health), and wider social impact (employment, poverty alleviation, food security).

The Abu Dhabi consultation with AP country representatives largely confirmed this assessment, identifying four priorities:

1) Enhance trust among the different actors through communication, dialogue and confidence-building and build stronger political will for appropriate investments in both regions that recognizes the mutual benefits,

2) Develop a communication platform between the two regions, acting as a space for dialogue and interactions, and as a network for information and knowledge exchange,

3) Enhance confidence in ex- BESST Feasibility Study exporting HoA countries so they adopt and enforce adopted standards, respect relevant health measures: vaccination, quarantine, health certification requirements/ durations, etc.

4) And introduce independent verification systems for animal health services, and prioritising these in capacity development and other investments,

5) Enhance the capacities of exporting countries by improving performance of veterinary services, measures of appropriate traceability, suitable facilities infrastructure, validated certification, , vaccination measures, diagnostic facilities, etc.

ESSENTIAL interventions for BESST are:

- BESST public-private multi-stakeholder platform

- **Training platform addressing implementation and compliance with OIE international standards**

- Strengthen surveillance and better understanding of disease situation in HoA

- Share disease information (inter-regional)

- Improved traceability systems

- Certification along trade routes, electronic certification

- Support countries to address PVS gaps

Also desirable interventions for BESST will be:

- Strengthen institutions such as farmers' and producers' associations

- Develop and improve access to market information

- Advocate facilitation of formal trade to reduce informal trade

- Independent verification/audit system by partners

The following interventions were assessed as important but out of scope of a BESST initiative (but worthy of others taking them up):

- Invest in trade infrastructure at different levels (national and regional)

· Transport means

· Quarantine stations

· Laboratory infrastructure

- Organize trade fairs

- Special loans for livestock sector investment

## 3- Geographic scope

It is expected that BESST could benefit the following countries: Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Somalia, Sudan, South Sudan, Bahrain, Iraq, Jordan, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates (UAE) and Yemen and possibly other countries in the Middle East and North Africa countries in a future extent). However, because borders can be porous and due to the huge informal trade, the opportunities and synergies that regional cooperation offers suggest that BESST should also work well at regional and trade route levels.

The study identifies target countries based on the importance of their livestock sectors as well as volumes and trends in livestock trade. Currently, **Saudi Arabia** is the largest live animal importer in the AP, and it is one of the main meat importers in the region.

**Yemen and Oman** are also major live animal importers from the HoA (mainly cattle and camels). On the export side, **Somalia, Ethiopia and Sudan** are the main livestock exporters. Around 40% of the livestock exported by Somalia originates from Ethiopia. **Djibouti and Eritrea** are important transit countries. Trade in meat is much smaller but has potential for growth, partly because of its lower risk. **Ethiopia, Sudan and Kenya** are the main exporters with the **UAE** an important importer of meat.

BESST should thus be a mix of activities at national (specific target countries) and trade route (specific trade routes) levels for more specific activities, and intra-regional and inter-regional levels for more global and consolidated activities.

## 4- Potential for impact and socio-economic analysis

Trade data from 2014 to 2017 show that the HoA is the main supplier of live cattle, sheep and goats to the AP in net weight and value. There is, however, a high variation from year to year. Cattle have a higher share of volume than of value; sheep and goats are the opposite. The data show a sharp rise, albeit from a low base and remaining at a low level, in imports of chilled and frozen beef from the HoA. This is in keeping with the overall trend for meat exports to increase relative to live animal exports driven by economic, environmental, health and animal welfare considerations.

**The main constraint to this trade is livestock diseases which lead to trade bans, rejection of entire consignments, or disposal of the affected products. All these mitigation measures disrupt trade and lead to extra costs and losses for the actors involved in the product value chain in both importing and exporting countries. Livestock trade bans have the highest costs since they completely stop trade for periods varying from months to years.**

To assess the impact of these bans, the study used system dynamics modelling to estimate the losses occasioned by the November 2016 Saudi Arabia ban on livestock imports from Somalia.

Two scenarios are considered: 1- if the ban is lifted during the Hajj season, losses are between US$174 million and US$265 million per year. 2- When it is maintained year-round, annual losses are between US$222 million and US$476 million. Extrapolating to other exporting countries suggests losses of several billion US$ from such bans. From literature, other socio-economic impacts associated with trade bans include greater migration, environmental degradation, depreciation of local currencies and costlier imports. More broadly, poorly controlled livestock disease and trade bans impair animal welfare and lower the efficiency of livestock production resulting in higher greenhouse gas emissions per unit livestock product produced.

The study also explored the downstream impacts of a ban on the wider economy both in the short term (using a social accounting matrix) and in the longer term (using a computable general equilibrium). This also showed high impacts. For example, in Ethiopia, a 50% reduction in exports causes losses in the live animal sector, the feed sector, and feed crops such as maize, sorghum, wheat, and barley, all of which fall by over 2%. Total economic output falls by 1.2% in such a scenario, while gross domestic product at

factor cost (value added) falls by 1.1%. The poorest income groups face the greatest losses in percentage terms, particularly those in rural areas.

Finally, the study estimated the costs and likelihood of success of the interventions identified as essential or desirable. Interventions to address trust, communication and governance would cost around

US$18 million, interventions to improve knowledge and information around US$11 million, interventions to improve public and private animal health system performance around US$7.5 million and interventions to address sectoral weaknesses around US$23 million. Interventions in the first three SPS-related areas which have a high likelihood of success and relatively low cost are especially attractive for BESST.

Overall, the four components of the BESST initiative will cost around US$62.2 million over five years which could save losses of at least US$1.1 billion for the Somali region alone, assuming that the current Saudi Arabia livestock ban (partial ban imposed in November 2016 and lifted during the Hajj season) persists for a total duration of five years.

## 5- Partners and stakeholders

Implementing a BESST initiative requires substantial financial support and, importantly, technical backstopping accompanied by political engagement and stakeholder buy-in. Literature review and key informant discussions identified weak buy-in and ownership as key weaknesses in previous projects.

The primary focus of BESST is to enhance trade by strengthening veterinary public health services in the HoA and AP. In particular, the OIE delegates, national veterinary services and relevant policymakers are key for this, as they propose and decide the import/export sanitary conditions and when to impose or lift the bans. As such, they should be central to the implementation of BESST. It is also important to facilitate interactions between them and the private sector. A unique feature of an OIE-led project would be its ability to build capacity and influence and leverage national veterinary services for better trade impact, which is not necessarily the case for previous and current livestock development and trade initiatives.

The most important categories of stakeholders to involve in BESST are:

- **Coordination (OIE)**
- **Governments (Trading countries)**
- **International and regional agencies**
- **Private sector and civil society**
- **Knowledge organizations, research and academia**
- **Investors (donors, private sector)**
- **International financial development institutions.**

The private sector involvement is key to success. Private companies (importers, exporters), service and inputs providers, livestock traders and livestock producers are directly involved in livestock and meat trade and drive the whole process. The private sector may be engaged through associations or direct involvement. Lack of involvement of private sector has been one of the main stumbling blocks in past projects.

Consumer demand is the ultimate driver of trade and retailers and consumers need to be involved through media, public health actions, and consumer associations.

Animal health system organizations are a special category as the main focus of BESST is to reduce disease risks associated with trade.

Both public and private actors need to be engaged as well as civil society organizations interested in animal welfare and safe food.

International and regional organizations/agencies provide critical political support and coordination. From the AP side, the Gulf Cooperation Council (GCC) is a key actor. From the HoA side, relevant partners include the African Union Inter-African Bureau for Animal Resources (AU-IBAR), the Common Market for Eastern and Southern Africa (COMESA) should also be engaged. The Arab Organization for Agricultural Development (AOAD) has the advantage of encompassing countries from both regions.

Knowledge organizations generate evidence, propose innovations, provide advice to inform policy, and help with monitoring and evaluation. Key potential partners include the Food and Agriculture Organization of the United Nations (FAO), The OIE/FAO network of collaborating centers and reference laboratories, national universities, and research agencies such as ILRI can also be engaged.

OIE and 4-8 key partners could form a consortium whose role will be to liaise with investors and resource partners and raise funds for the BESST initiative, provide political and technical backstopping to the program and make sure that the activities are implemented as planned.

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