

**STDF Workshop on Assessing the Costs and Benefits of
Prevention versus Control of SPS- related Problems
Geneva, 25 June 2009**

“An ounce of prevention is worth a pound of cure”.

Background

1. Political support and commitment at the country level is important to ensure that adequate resources are available to implement SPS measures and control potential SPS risks. However, in many countries, competing priorities and financial constraints mean that resources are often in short supply. In some cases, it is only after a major food safety incident or animal disease or plant pest outbreak has occurred- and considerable resources spent on control- that attention focuses on the costs of improving SPS- related systems and capacities to prevent such outbreaks.
2. Greater use of economic analysis would increase awareness about the potential benefits and costs of prevention versus control of SPS- related problems. By demonstrating the effectiveness of investments in SPS capacity building, studies that quantify the potential benefits and costs of investing in SPS capacity development would help to garner political support for the SPS capacity building and improve SPS related decision_ making. This would further enhance the effectiveness and efficiency of publicly- funded programmes to strengthen SPS capacity by generating information on the likely returns on investments in particular areas.
3. Some studies have recently been completed by international organizations including the OIE and OECD) to assess the costs of outbreaks of animal diseases compared with the costs of control. Other studies have sought to quantify the potential impact of animal disease outbreaks, the expected benefits and costs of alternative control strategies, and / or the most appropriate response in the case of an outbreak. Some other work, including STDF Project 20 (Country- based plans for SPS development), has developed methodologies to support decision-making on investments in SPS capacity development, primarily on the basis of export performance.
4. In accordance with its mandate to exchange experiences and disseminate good practice in relation to the provision and receipt of SPS- related technical co-operation, the STDF intends to organize a one-day workshop on the application of economic analysis in the area of SPS. This workshop would present the findings of existing research that analyses the costs of prevention versus control, the potential impacts of SPS outbreaks on trade, the expected benefits and costs of different strategies to control animal and plant disease, and the rate of returns on alternative investments in SPS capacity building.

Objective of the workshop

5. The objectives of the workshop are:
 - (i) To present the findings of recent research that uses economic analysis to:
 - assess the potential impacts of pest/disease outbreaks on trade and the costs of prevention versus control
 - identify the expected benefits and costs of alternative control strategies, and the most appropriate response in the case of an outbreak;
 - generate information on the expected returns on investments in SPS capacity building programmes based on export performance; and

(ii) To identify future challenges in expanding the use of economic analysis to inform decisions on investments in the SPS area.

Outcomes

6. This workshop will raise awareness about the potential impacts of SPS problems on trade and the costs of prevention versus control. It will increase understanding of how different economic analysis methodologies (e.g. cost-benefit analysis, cost-effectiveness analysis, multi-criteria decision analysis) could be used more widely to increase awareness about the potential benefits of increased investments in SPS capacity building.
7. The presentations and discussions at the workshop will be used by the STDF to prepare a Briefing Note.

Related research

Julie A. Caswell. 2008. Expanding the Focus of Cost-Benefit Analysis for Food Safety: A Multi-Factorial Risk Prioritization Approach. Univ. of MA, Amherst, Department of Resource Economics Working Paper No. 2008-8.

Elliot, Kimberly Ann. 2007. Ensuring that aid for trade promotes development: Indicators for measuring the impact. Paper prepared for the workshop on monitoring and evaluation. WTO High-level conference on mobilizing Aid for Trade: A global review.

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Henson, Spencer. 2009. Forthcoming, Evaluation report on STDF Project 20 in Peru.

Kolstad, Ivar and Arne Wiig. 2002. A cost-benefit framework for allocating SPS-related technical assistance. Chr. Michelsen Institute.

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Peterson, Everett B. and David Orden. 2007. Avocado Pests And Avocado Trade. *Amer. J. Agr. Econ.* 90(2) (may 2008): 321-335.

Souza-Monteiro, Diogo M. and Julie A. Caswell. 2004. The Economics of Implementing Traceability in Beef Supply Chains: Trends in Major Producing and Trading Countries. Working Paper No. 2004-6. Department of Resource Economics. University of Massachusetts Amherst. June 2004.